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THE FOR-HIRE TRUCKING INDUSTRY IN THE ATLANTIC PROVINCES

A Regional Perspective

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FOREWORD

This report, which forms part of a series of studies sponsored by the Canadian Transport Commission, examines the economic and regulatory environment of the for-hire trucking industry in the Atlantic provinces as a region. Much of this report is based on four separate studies of trucking in the provinces of Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland, respectively. These are available upon request. Although the present study was undertaken to meet the overall internal needs of the Canadian Transport Commission, it is being published as a contribution to knowledge and discussion of the trucking industry.

Whenever possible the Commission makes publicly available the results of its research and the present volume is offered in line with this policy. This study was prepared by independent consultants and the opinions expressed are, of course, those of the authors and do not necessarily reflect the views of the Canadian Transport Commission.

Yves Dubé
Vice-President
(Research)

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CHAPTER 1

INTRODUCTION AND BACKGROUND

This report examines the economic and regulatory environment of the for-hire trucking industry in the Atlantic provinces from regional and inter-regional perspectives. Included in this volume are references to the findings of four studies of trucking in the provinces of Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland, respectively.

The Research Branch of the Canadian Transport Commission engaged the firm of M & B Transportation Consulting Associates of Mahone Bay, Nova Scotia to undertake the present report on the economic and regulatory environment of the for-hire trucking industry in the Atlantic provinces. This study was prepared by Mr. R.C. Barnstead, with the assistance of Mr. Rand H. Matheson.

A report on the trucking industry in Nova Scotia was prepared by Dr. R.A. Ffrench, Head of the Department of Economics at Acadia University. Members of the Transportation Group at the University of New Brunswick carried out studies on the trucking industry in New Brunswick and Prince Edward Island. The members of the Transportation Group involved in these studies were Professors A.M. Stevens, J.R. Brander, J.D. Innis and F.R. Wilson. Mr. R.C. Barnstead of M & B Transportation Consulting Associates prepared a report on the trucking industry in Newfoundland. This study was largely an up-date of the commonly-called Sullivan Commission Report (Commission of Inquiry into Newfoundland Transportation) which was published in two volumes during 1978 and 1979, respectively. These volumes already include an extensive examination of trucking in Newfoundland. One unique aspect of the trucking industry in the Atlantic region is the existence of subsidies paid under the authority of the Atlantic Region Freight Assistance Act to carriers operating in the region. Therefore, a separate examination of the subsidies is included as Appendix B, which was prepared by Mr. R.H. Matheson of M & B Transportation Consulting Associates.

Messrs. J. Diamond and A. Ray of the Carrier Economics Division of the Canadian Transport Commission's Research Branch provided substantial assistance in the collection of data during the course of this study. Also, there were a number of meetings between the authors of this report, the provincial studies and staff of the Canadian Transport Commission to discuss the various sources of information and data required for this research.

CHAPTER 2

SUMMARY AND OBSERVATIONS

This report analyses the economic and regulatory environment of the for-hire trucking industry in Atlantic Canada. It looks at the respective Motor Carrier Acts and Regulations of each province, primarily from a comparative point of view, and makes an assessment of the consequences of the regulatory process as it now affects the trucking industry and the shipping public.

For the most part, the general philosophy of regulation in each of the four Atlantic Provinces is essentially the same. Control over entry is the main foundation stone for regulation in each of the four provinces, and apart from administrative differences, follows the same general concepts in each province. However, one essential difference is that Newfoundland controls the rate structure while the other three provinces require the filing of rates only. The New Brunswick Act and the Prince Edward Island Act tend to be closer in matters of detail, while the Nova Scotia Act and the Newfoundland Act are more similar.

In general terms, the study found that the regulatory structure of the for-hire industry as exists today is a product over the past twenty-five years of regulatory authorities reacting to the needs of the shipping public, area by area and, very often, commodity by commodity movement. Permits were granted route by route to ensure that on the one hand monopoly conditions did not exist and that, on the other hand there would be adequate service given to all communities. Tariff bureaux were created by the industry, in part so that, small and medium sized carriers, especially for inter-provincial movements could interline freely with their competitors and, in part, so the shipping public could have access to rates for the thousands of different movements handled by the trucking industry. The end result of this regulatory process over the past twenty-five years has been the creation of a trucking industry with very extensive relationships and with deeply entrenched interests among themselves and with shipper groups as well.

The report observes that there have been many reports written in the recent past discussing the pros and cons of trucking regulation, with some of the articles advocating abolition of regulation, some advocating more regulation and others taking positions in between. Because of the many entrenched interests both in the trucking industry and among shippers, it has been argued that there is far too much at stake to make sudden revolutionary changes to the regulatory process in Atlantic Canada. In fact, because the four separate provincial governments each control their own course of action in respect of truck regulation, there is no practical mechanism to make sudden revolutionary change or even to motivate such change. In addition, while there are numerous evolutionary changes in trucking regulation that could be put into effect by each Atlantic Province, these can only be implemented after careful studies have been made by each province of the impact of such change on the ease of flow of trade area by area.

The report points out that in respect of change, one objective sought by many participants operating in the inter-provincial arena is an updating and streamlining of provincial Motor Carrier Acts which would include greater uniformity among the provinces. This action is especially important in Atlantic Canada because of the substantial volumes of inter-provincial trade in the area. The report indicates a number of areas where greater uniformity would be beneficial.

The report points out that there are groups in Canada working carefully towards making improvements and modifications, spearheaded by the Canadian Conference of Motor Transport Administrators (CCMTA) in conjunction with the Roads and Transport Association of Canada and the provincial and Federal Ministers of Transportation. In general terms, the objective of the CCMTA is aimed at lessening the complexity and therefore the cost of regulation in the trucking industry by making proposals to achieve uniformity and simplicity of legislation, regulation and regulatory procedures. The CCMTA has not attempted to deal with possible changes in the level of regulation.

Various provincial groups, for example, in Nova Scotia and in Ontario, are currently studying their respective Motor Carrier Acts and Regulations to update and improve the regulatory process under their jurisdiction including possible changes to the level of regulation. However, it was pointed out in the report that progress has been rather slow in achieving change in economic regulation in contrast to changes towards uniformity in general provincial regulations where much has been accomplished in the past few years.

Because the Motor Vehicle Transport Act of Canada delegates responsibility for regulation of inter-provincial and international trucking to the provinces, the only method for a speeding up of the process of achieving change in economic regulation is acceptance of a desire by provincial authorities to update their Motor Carrier Acts, to work as well with other provinces to achieve greater uniformity, and to accept the fact that the pace of such change should be speeded up. The report notes that a concerted effort towards uniformity by those concerned in the four Atlantic Provinces would appear to be highly beneficial to both the trucking industry and to the shipping public. The report points out that Nova Scotia is currently reviewing their Motor Carrier Act, but closer uniformity with the other Provinces would take concerted effort.

The report indicates that one tangible advantage of closer uniformity of regulation especially in Atlantic Canada would be the ability to provide greater opportunity for joint hearings of regulatory boards. Implementation of joint hearings are currently hindered because of differing requirements in provincial Acts and Regulations.

It can be argued that there is one area of regulation that is in urgent need for study and reform by provincial groups, and that is the area of pseudo-leasing of equipment and drivers by private shippers to handle their own goods, especially for inter-provincial movements. There is no problem in how to define leasing of equipment. The problem arises in who pays for and who controls the driver of the leased vehicle. A driver

operating a leased vehicle, if not permanently under the control of the shipper can and does act on a trip-lease basis, which to all extents and purposes is for-hire transportation.

In Chapter 5 of the report, it was pointed out that the Province of Quebec has recently changed its regulations to provide greater penalties for pseudo-leasing activities. It was further noted in the Chapter that this procedure appeared to be one major solution to the problem of pseudo-leasing. However it was also noted that the volume of such pseudo-leasing activities would be reduced somewhat if more commodities were to be added to the list of exempt commodities. Furthermore, it was also pointed out that changes in regulation to permit intercorporate trucking would also reduce the amount of pseudo-leasing activities.

Chapter 4 of the report stated that there is a great deal of discussion regarding the role of the various tariff bureaux. The provincial trucking industry, a mix of large, medium and small companies, and the shipping public could function effectively without tariff bureaux, especially for movements between Atlantic Canada and Central Canada. However, the report pointed out that there was a need for some modification to the procedures of tariff bureaux, especially to permit shipper representation in the discussion of rate proposals.

In the concluding chapter, the report points out that when considering the economic and regulatory environment of the Atlantic Provinces, there is one further factor that should not be overlooked and that is the program of subsidies for traffic movements under the Atlantic Region Freight Assistance Act. In this regard the report points out three significant factors:

(a) There has been a very substantial growth in the subsidy payments made to the trucking industry since they commenced in 1969. In 1980, subsidy payments amounted to some $39 million.

(b) In 1980, some $28½ million of the $39 million were made in respect of Intra Selective movements.

(c) Whereas in 1972-73 subsidy payments to truckers were slightly less than for railways, by 1980 subsidy payments to truckers were close to double those paid to railways, accounted for largely by the growth in Intra Selective movements.

The report observed that with respect to the substantial growth in the subsidy payments, it is not clear whether such payments are effective in producing the greatest possible benefit to the stimulation of the movement of goods for the dollars expended. For example, the New Brunswick report [2]* questions the merit of including used furniture, the leading

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* Numbers appearing in the text within square brackets refer to the Footnotes, page 55.

commodity moving westbound, as a commodity eligible for regular westbound assistance. A similar question may also be raised with regard to other commodity movements.

The Nova Scotia study [1] concludes that "on the inter-provincial level it would appear that subsidies have contributed to an increase in the trucking industry. This is due to the fact that shippers of various products in Nova Scotia have been able to be more competitive in the major central market of Ontario and Quebec. In addition, for certain goods the subsidies have enabled Nova Scotia firms to penetrate markets normally served by Quebec."

A general observation was made as a comment in Chapter 6, that while the assistance program was not intended as a rate control measure, it has in effect been functioning as a constraint against the incidence of regulated truckers failing to honour the rate filing requirements of the provincial boards where such requirement exists.

Throughout this report and throughout the separate provincial reports as well, there is constant reference to the need for more data on the trucking industry so that all concerned would have a better understanding when assessing consequences and when considering changes to be made in the regulatory scene.

CHAPTER 3

ECONOMIC CHARACTERISTICS OF THE TRUCKING INDUSTRY IN THE ATLANTIC PROVINCES

The economic characteristics of the trucking industry in each of the Atlantic Provinces has been reviewed rather extensively in the four separate provincial studies which are referred to as background studies in Chapter 1. [1], [2], [3] and [4]. This Chapter highlights the separate provincial studies, with emphasis on comparative characteristics within the Atlantic Region as well as, where pertinent, between the Region and Canada as a whole.

Number of Domiciled Carriers and Carriers in Operation

Table 3-1 shows by class the number of carriers domiciled in the four Atlantic Provinces as well as the number of carriers in operation domiciled out-of-province for the year 1978:

Table 3-1 Number of Domiciled Carriers and Carriers in Operation -Year 1978 [5]

Province	Class I	Class II	Class III	Total
Nova Scotia				
Domiciled	6	19	88	113
In Operation	40	50	144	234
TOTAL	46	69	232	347
New Brunswick				
Domiciled	6	14	69	89
In Operation	42	52	147	241
TOTAL	48	66	216	330
Prince Edward Island				
Domiciled	—	3	17	20
In Operation	24	32	63	119
TOTAL	24	35	80	139
Newfoundland				
Domiciled	3	3	61	67
In Operation	21	17	80	118
TOTAL	24	20	141	185
GRAND TOTAL	142	190	669	1,001

As may be seen from Table 3-1, Nova Scotia and New Brunswick have about the same number of carriers in absolute terms, class by class as well as in total, followed by Newfoundland and Prince Edward Island.

Motor Vehicle Registrations

Table 3-2 shows the total number of Motor Vehicle Registrations - Trucks and Truck Tractors registered in each of the Atlantic Provinces as well as totals for all Canada:

Table 3-2 Motor Vehicle Truck Registrations - Years 1973 and 1978 [6]

Province	Year 1973	Year 1978	Percent Increase
Nova Scotia	60,826	108,913	79.1%
New Brunswick	43,448	76,713	79.6%
Prince Edward Island	10,370	16,887	62.8%
Newfoundland	28,180	45,362	61.0%
Total Atlantic Canada	142,824	247,875	73.6%
All Canada	1,799,042	2,717,832	51.1%

The above registrations represent the total number of trucks and truck tractors which held a registration in the reporting province for all or for any part of the license year, regulated and non-regulated [6]. Table 3-2 reveals that the growth rate of motor vehicle truck registrations in the Atlantic Provinces in 1978 over 1973 greatly exceeded the growth rate for all Canada.

Origins and Destinations of Traffic - Atlantic Province Carriers - Year 1978

Origins and destinations of traffic for Atlantic Province carriers are available only for Class I, II, and III carriers. These are carriers with revenues in excess of $100,000 annually. These groups for the most part cover the inter-provincial carriers and the larger intra-provincial carriers, but exclude many small carriers under $100,000 in annual revenues which are essentially intra-provincial in scope.

Statistics Canada undertakes an annual survey to develop the estimated Transport Revenues earned on the movement of goods from Province or Territory of origin to Province or territory of destination [7]. These revenues are Canadian revenues only and exclude revenues to and from foreign destinations. The revenues are also only for Class I, II, and III carriers. Analysis has been made of the published data which reveals that slightly over one half of the revenues earned by Atlantic Provinces carriers (54%) are for traffic between Atlantic Canada and the rest of Canada, about 30% for intra-provincial movements, and the balance 16% for traffic between the Atlantic Provinces.

The large inter-provincial carriers earn the bulk of these revenues as their base traffic is obviously to and from Quebec and Ontario and the Atlantic Provinces. There is no data available to indicate the revenues earned by carriers earning less than $100,000.

Despite this qualification, it may be concluded that there is a very significant flow of traffic by truck between Atlantic Canada and Ontario and Quebec. Discussions on trucking regulation in Atlantic Canada should not therefore be viewed only from the point of view of regulation within Atlantic Canada, but also be concerned with and responsive to regulatory policies followed or to be followed in Quebec and Ontario, and indeed in the United States as well.

Relative Profitability of Atlantic Province Domiciled Carriers

Two measures frequently used as indicators of the operating performance of the motor carrier industry are the operating ratio and the return on total capital employed (before interest and taxes). The operating ratio measures the relationship between total operating expenses and total operating revenues. The return on total capital employed (before interest and taxes) gives an indication of the magnitude of the return on total capital employed. Total capital employed is defined as the sum of bank loans, long-term debt, retained earnings and capital stock.

Table 3-3 shows comparative operating ratio data for all classes of carriers by province of domicile as well as for all Canadian carriers for the years 1975 to 1978.

Table 3-3 Operating Ratios All Classes, Years 1975 to 1978 [5]

	1975	1976	1977	1978
Nova Scotia	95.6%	95.6%	95.2%	93.3%
New Brunswick	95.2	95.0	98.5	94.8
Prince Edward Island	98.4	93.0	89.9	90.6
Newfoundland	97.4	96.0	95.2	96.7
Total Atlantic Canada	95.7%	95.3%	96.6%	94.3%
All Canada	95.5%	95.6%	95.9%	93.9%

In general terms, the operating ratio for all Atlantic Canada domiciled carriers closely approximates the ratio for all Canadian carriers in each of the years. However, there is considerable variation in some of the years for some of the provinces.

Table 3-4 shows the comparative return on total capital Employed (before interest and taxes) for All Classes of carriers domiciled in Atlantic Canada as well as for All-Canadian carriers, for the years 1975 to 1978.

Table 3-4 Return on Total Capital Employed (before interest and taxes) All Classes, Years 1975 to 1978 [5]

	1975	1976	1977	1978
Nova Scotia	11.02%	12.37%	12.64%	17.87%
New Brunswick	13.98	15.03	6.89	22.34
Prince Edward Island	3.33	13.12	23.20	23.27
Newfoundland	5.53	9.76	12.69	10.56
Total Atlantic Canada	11.25%	13.35%	11.25%	18.78%
All Canada	10.03%	9.95%	9.78%	12.61%

Again as with the comparison of Operating Ratio in Table 3-3 there are some variations for some of the provinces for some of the years, but nevertheless the overall Atlantic Province results are more favourable than for All Canada.

A substantial analysis of the capital characteristics for Atlantic Province domiciled carriers and for All Canada carriers was made in the Nova Scotia study (1). Ratios were developed for all Atlantic Province domiciled carriers to reflect: debt, liquidity, net debt-worth, current liabilities to net worth, total liabilities to net worth, revenue equipment assets to net worth, total fixed assets to net worth, and revenue equipment assets to total fixed assets.

These ratios, as developed in the Nova Scotia study [1], reveal that the financial position of the Atlantic Provinces domiciled carriers compares quite favourably with All-Canadian carriers.

The conclusion may be drawn that there is no wide-spread difference in the relative profitability of the total of Atlantic Provinces domiciled carriers on an overall basis as compared with carriers in the rest of Canada.

Proportion of Traffic Handled by Large Carriers

It is not possible to develop from Statistics Canada data the extent that large carriers dominate the motor carrier industry in Atlantic Canada. Nevertheless there are some facts that can assist in a judgment appraisal of the influence of large carriers.

Table 3-5 shows the proportion of revenues earned by class of carrier in the year 1978.

Table 3-5 Proportion of Revenues by Class of Carrier - Year 1978 [8]

Province	Class I	Class II	Class III	TOTAL
Nova Scotia	46.9%	25.8%	27.3%	100.0%
New Brunswick	61.3	20.9	17.8	100.0
Prince Edward Island	----	41.2	58.8	100.0
Newfoundland	38.7	8.9	52.4	100.0
Total Atlantic Provinces	50.6%	21.9%	27.5%	100.0%
Total All Canada	64.7%	18.5%	16.8%	100.0%

The conclusions that may be drawn from Table 3-5 are (a) that proportionately there are a greater number of smaller Class II and Class III carriers in Atlantic Canada, especially in Prince Edward Island and Newfoundland, and (b) that there are a relatively fewer number of Class I carriers, although in New Brunswick the proportion is closer to the All-Canada figure.

Statistics Canada also publishes data concerning the "100 largest motor carriers" in Canada [5]. This group in Canada represents only 3.3% of the number of establishments whose gross revenue was $100,000 or more, but accounted for 44.4% of the gross operating revenue for this portion of the industry.

Analysis of the data published by Statistics Canada [8] reveals that for traffic moved within Atlantic Canada about 20 percent was handled by firms belonging to the "100 largest carriers" and that for traffic moved between Atlantic Canada and Ontario and Quebec close to 55 percent was moved by the "100 largest carriers."

It may therefore be concluded that small and medium sized carriers still play a prominent role in the movement of Atlantic Canada traffic by truck. No data is available on the proportion of truck traffic handled by intermodal companies such as Canadian Pacific and Canadian National, but it is believed that such volumes are relatively small compared with the total of other trucking organizations.

It is not known the extent of dominance on Atlantic Region movements from carriers domiciled out-of-province, except that such movements are substantial. Nevertheless there are a large number of medium and large Atlantic Region domiciled carriers who transport large volumes of inter-provincial and international shipments. Out-of-province domiciled carriers would not appear to dominate inter-provincial and international truck traffic to and from Atlantic Canada.

The New Brunswick [2] sets forth the importance of payments to Owner-Operators (Brokers) as a component of total operating costs in the New Brunswick trucking industry. It was shown that in 1978, the total payments to Owner-Operators (Brokers) accounted for 30.9 percent of total operating costs for the New Brunswick domiciled carriers as a whole, and pointed out that comparable national figures were 13.8 percent.

The use of Owner-Operators (Brokers) is very substantial in the case of long haul carriers, not only for New Brunswick domiciled carriers but also for other Atlantic Province carriers as the Owner-Operator (Broker) has found a very important niche for himself especially in long haul operations where the driver is required to be away from his home terminal and from central maintenance facilities for periods of time. Carriers operating between Central Canada and Western Canada also make similar very substantial use of Owner-Operators (Brokers). Owner-Operators (Brokers) are also in very substantial demand operating between Atlantic Canada and United States destinations.

The Owner-Operator is paid on an output basis for the work that he performs, usually line haul transportation, and this gives him the incentive to work hard, to work efficiently, and to solve problems himself rather than under the supervision of an employer. He is fundamentally an entrepreneur with a very strong desire to be independent.

General Observations Concerning Competitive Conditions

While this report deals mainly with various aspects of regulation in Atlantic Canada, there are a number of factors regarding the fundamental characteristics of truck transportation in Canada coupled with its competitive environment, that no matter what format trucking regulation takes now or in the future, such factors will continue to play a paramount role in the pricing of truck services.

The costs of operating a trucking company are even in the short term very highly variable. The notion of fixed costs is, of course, time related; in the long run all fixed costs become variable. In the short period than those costs which cannot be avoided are considered to be fixed. In the trucking industry the most important fixed costs within say a one year term are building rental and expense, the licence fee and the cost of equipment. These fixed cost components account on average for less than ten percent of total operating costs.

One of the major obstacles to free entry in many industries is the necessity of raising large sums of capital. In the case of trucking such is not the situation. Almost anyone can start up in the business growing slowly or quickly depending upon his desires. In general, trucking is considered to be devoid of any significant economies of scale, making it very easy for a small individual to start up in the business or for an existing business to expand into new routes, especially for truckload movements.

Many carriers in Canada have quite different cost structures such as labour rates which vary significantly between large and small companies. Head haul and back haul movements are sometimes reversed for carriers depending upon their market thrusts.

There is also a fairly large segment of traffic outside the motor carrier industry. The railway express companies and Plan II piggyback (railway owned equipment) are regulated under the Railway Act and have their own tariff bureaux who file rates only with the Canadian Transport Commission. They handle substantial quantities of both less-than-truckload and truckload freight.

There are also the forwarders by rail, by truck, and by air that are also outside the motor carrier industry. They set rates independently of the truck regulatory scene.

And lastly, there are many small independent truckers who are not members of the truck tariff bureaux and who make rates independently.

Probably in total more than half of the so-called truck traffic moves outside the tariff bureaux and outside truck regulatory authorities.

There is an additional factor and that is the extent of competition from the two Canadian railways. Canada has two national railways running for the most part east and west. These railways, (the largest crown owned)

are efficient and particularly since the National Transportation Act of 1967 are very largely free of regulation. Both railways provide very severe competition for the truckers in the truckload area.

When all these competitive factors are added to the extreme flexibility of truck operations with many ingenious owners and/or managers, the trucking scene is an extremely competitive one. It is the view that the greatest "Regulator" of truck transport in respect of pricing truck services is not an administrative body but originates from the fundamental characteristics of truck transport and the very large number of ingenious truck competitors in almost every traffic lane in the country.

CHAPTER 4

REGULATION OF THE TRUCKING INDUSTRY IN THE ATLANTIC PROVINCES

This Chapter develops a comparison between the four Atlantic Provinces of general provincial regulations as well as a comparison of economic regulations as they currently exist, with some reference to regulations in neighbouring jurisdictions. In addition, the Chapter refers to the roles played by various government groups and by various industry groups in administering the Acts and Regulations as at present, and outline of the forces at work aimed at updating and changing the respective Acts and Regulations.

4.1 General Provincial Regulations

There are a number of general provincial regulations which set forth terms and conditions for the operation of all motor vehicles in the respective provinces.

4.1.1 Highway Vehicle Acts [9]

Provincial highway vehicle acts prescribe the maximum size of vehicles that may be operated on the highways in the respective provinces. Table 4-1 shows a comparison of the maximum size of vehicles in each of the four Atlantic Provinces.

Table 4-1 Maximum Permissible Size of Vehicles - Atlantic Canada [10]

	NFLD. (FEET)	N.B. (FEET)	N.S. (FEET)	P.E.I. (FEET)
Length - Single Vehicle				
2 axle			35	
3 Axle	39	40	40	40
Length - Overall Combination	65	55	65	65
Width	8½	8½	8½	8½
Height	13½	13½	13½	14½

In general terms, the vehicle sizes permitted in each of the Atlantic Provinces are similar, but not exactly the same.

Table 4-2 provides the gross vehicle weights permitted for representative pieces of equipment in the four Atlantic Provinces. All weights shown are maximum gross weights permitted and are dependent upon proper axle spacing, tire size, vehicle configuration and registration. These maximum weights are usually restricted to designated highways in each respective province. The maximum gross weights for vehicle configurations shown have been calculated using a steering axle weight of 10,000 lbs. or

4500 kgs. All provinces allow greater weights on the steering axle dependent upon tire size and equipment specifications. The Newfoundland weights permitted are shown in kilograms with pounds shown in brackets underneath at 1000 lbs. equals 450 kgs.:

Table 4-2 Gross Vehicle Weights Permitted in Atlantic Canada [10]

Type of Equipment	Nfld. kgs. (lbs.)	New Brunswick lbs.	Nova Scotia lbs.	P.E.I. lbs.
Single Axle Truck	13,500 (29,736)	30,000	30,000	30,000
Tandem Axle Truck	21,500 (47,777)	47,500	47,500	47,500
Single Rear Axle Tractor & Single Axle Trailer	22,500 (50,000)	50,000	50,000	50,000
Tandem Axle Tractor & Tandem Axle Trailer	39,500 (87,777)	87,500	87,500	87,500
Tandem Axle Tractor & Tri-Axle Trailer	48,500 (107,777)	107,500	107,500	107,500
Tandem Axle Tractor & Two pup Trailers with total of four axles	52,000 (115,555)	125,000	110,000	110,000

Table 4-2 shows that generally speaking there is uniformity within Atlantic Canada in gross vehicle weights permitted on the highways, but not complete uniformity. The major exception is for the pup trailer combination.

The separately published provincial reports [1], [2], [3] and [4] deal with permissible sizes and weights of trucks more extensively.

Canadian Agreement on Vehicle Registrations

At the present time, each of the Atlantic Provinces grants full reciprocity to vehicle registrations in other Atlantic Provinces, with some minor exception related to leased vehicles, provided that the vehicle is not used in intra-provincial operations.

The Canadian Conference of Motor Transport Administrators (CCMTA) has recently developed a prorating registration agreement which has been entitled the Canadian Agreement on Vehicle Registrations (CAVR). This agreement was adopted at a meeting of the Provincial Ministers responsible

for Road Transportation and Safety at their conference held in Toronto on October 2, 1980. Prince Edward Island and the Yukon and Northwest Territories abstained from signing the agreement.

Under the agreement, effective in six provinces (New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia) as of April, 1981, and in Quebec, Nova Scotia and Newfoundland by April, 1982, truck owners will license their vehicles in their home provinces, paying a pro-rated portion of the full applicable provincial license fee according to estimates of mileage to be travelled in that province. The object is to free up the movement of goods.

Prince Edward Island has not yet signed the Agreement but it is hoped that for the sake of uniformity the province will decide to come into the Agreement. If not, considerable confusion will be created for the trucking industry operating to and from the Island.

4.1.2 Inter-provincial Sales Tax Arrangement for Canadian Transportation Companies [11]

All four Atlantic Provinces are participants in the Inter-provincial Sales Tax Arrangement. The Inter-provincial Sales Tax Arrangement applies as well to the Provinces of Quebec, Ontario, Manitoba and Saskatchewan.

The objective of this inter-provincial arrangement is to relieve common carriers, as much as possible, from the application of sales tax more than once where vehicles are operated under authorities in more than one province. Because tax must be paid to each province levying tax, in which the carrier operates, a system has been devised whereby tax can be paid on a pro-rate basis to the provinces, calculated on a mileage formula. By following the details of the arrangement, eligible carriers can substantially lessen the impact, or possible impact, of sales taxes across the provinces with a minimum investment of time and effort.

4.1.3 Reciprocal Gasoline Tax Agreement

Nova Scotia, New Brunswick and Prince Edward Island are participating provinces in a reciprocal gasoline tax agreement affecting inter-provincial motor carrier operators [12]. This reciprocal agreement applies to all provinces in Canada except Newfoundland.

The Province of Newfoundland requires motor carrier operators travelling in Newfoundland to purchase fuel for miles (kilometres) travelled [13]. There is an inspector stationed at Port aux Basques, Newfoundland to gauge fuel tanks on entry to, and exit from the province. Any motor carrier operator who consumes more fuel than was purchased in the province is required to pay tax on the fuel that was consumed, but purchased outside Newfoundland. This system unlike the Reciprocal Gasoline Tax Agreement, does not require registration of truckers, trip and mileage reports, audits, etc. The trucking industry would appear to prefer the same system throughout Atlantic Canada.

4.1.4 Labour Standards

Motor carrier operators involved in inter-provincial trade and in international trade all come under Federal legislation in respect of labour standards [14]. There are separate provincial labour standard acts dealing with motor carriers operating solely in intra-provincial movements.

Observations re: General Provincial Regulations

A great deal of work has been done in the recent past aimed at uniformity of general provincial regulations and a great deal has been achieved. Nevertheless work remains to be done dealing largely with such matters as uniform safety regulations, load security, uniform enforcement of the federal Dangerous Goods Act and its regulations, and the like. Two major non-uniform problems still remain, Prince Edward Island remaining outside the Canadian Agreement on Vehicle Registration (CAVR), and Newfoundland remaining outside the fuel tax agreement.

4.2 Economic Regulation

This section of the Chapter describes the main features in the respective motor carrier Acts and Regulations of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland. Due to the substantial volumes of traffic moving between Atlantic Canada and neighbouring jurisdictions, some comments are also provided in the approach to economic regulation in neighbouring jurisdictions, where there are significant differences.

Provincial laws and regulations are the effective means of daily regulation of the motor carrier industry. The provincial transport boards or commissions are concerned with and their members are appointed under provincial statutes. These agencies administer both the federal and provincial jurisdictions concerning economic regulation of the motor carrier industry.

There are a few Federal laws aimed at economic control of the trucking industry, primarily because of the Federal policy to leave the administration to provincial agencies. The Motor Vehicle Transport Act (MVTA), passed in 1954, formalized this policy by authorizing provincial transport boards to licence extra-provincial motor vehicle enterprises and to regulate their rates. The MVTA also adopts provincial legislation and regulations for this purpose.

Passage of the National Transportation Act (NTA) provided for Federal administration of extra-provincial motor vehicle undertakings in Part III. Although Part III was proclaimed in May, 1970, it has not been generally implemented. At the time of proclamation, Part III was recognized as a possible answer to the need for greater uniformity of regulation for inter-provincial carriers. At that time uniformity was perceived as unachievable under ten separate provincial administrations. There were many other considerations that continue to over-ride the need for uniformity, such as provincial ownership and operation of the highway system and the preponderance of intra-provincial highway activity as compared to inter-provincial activity.

In Canada, the undertaking is regulated and not the commerce. In the United States, the Interstate Commerce Commission regulates commerce and not the undertaking. In Canada, Federal jurisdiction of undertakings includes about two-thirds of all for-hire trucking but half of the revenue earned by Federal carriers comes from intra-provincial commerce. Thus, the provinces have opposed any federal intrusion that would affect intra-provincial commerce, and as a result, to all intents and purposes, Part III of the NTA is nearly dormant.

One other Federal statute, The Combines Investigation Act, has significant implications for rate-setting practises especially those of truck tariff bureaux. Collective rate making is illegal under the Combines Investigation Act if it can be proved to "Unduly limit competition". The word "unduly" has not yet been defined in the Courts in respect of tariff bureaux.

The following sections describe the significant aspects of motor carrier regulation in the Atlantic Provinces. Also included are pertinent comments on regulation in the neighbouring jurisdictions of Quebec, Ontario and the United States because of the substantial number of truck movements to and from these jurisdictions and Atlantic Canada.

4.2.1 Exempt Commodities and Equipment

The following provides a brief description of exemptions in the respective Atlantic Provinces Motor Carrier Acts:

a. Nova Scotia Exemptions: (Sec. 2 (1 & 1A) of Motor Carrier Act) [15]

(1) Operator with less than two 2-axle freight vehicles that are straight trucks

(2) Commodity exemptions; sand, gravel, earth, rock, fill, asphalt mix, materials used in the construction and maintenance of highways, salt in bulk or bags, limestone in bulk or bags, fertilizer in bulk or bags, fresh herring, unprocessed round fish or fish offal, logs, pulpwood, wood chips, pit props, poles and unprocessed trees or other unprocessed forest products

b. New Brunswick Exemptions: (Sec. 13 (1) of Motor Carrier Act) [16]

The Act does not apply to any motor vehicle

(e) while used exclusively in connection with the construction of any federal, provincial or municipal work, or

(f) while used in the transportation of earth, sand or gravel, or

(g) while used in the transportation of salt to be used on the public highway, or

(h) while being used exclusively in the transportation of
  (i) unprocessed products of the farm produced in the farming operations of the owner of such motor vehicle from the place of production to market or to the point of transhipment,
  (ii) unprocessed products of the sea caught, taken or produced by the fishing or other operations of the owner of such motor vehicle from the place such products are landed or produced to market or the first point of transhipment,
  (iii) unprocessed trees, logs, pulpwood, pit props, poles, or similar forest products, or
  (iv) mineral ore from the mine to a processing plant or to the first point of transhipment, or

(i) that is owned or used by or for a farmer, fisherman or lumberman and normally used for one or more of the purposes set out in paragraph (b) or

(j) that is used from time to time by farmer, fisherman or by a lumberman or by a person hired by such farmer, fisherman or lumberman to haul commodities for compensation.

c. Prince Edward Island Exemptions: (Sec. 11 (1) of the Motor Carrier Act) [17]

The Act does not apply to any other motor vehicle

(a) while used exclusively in the construction of any federal, or provincial work,

(b) while being used exclusively in the transportation of
  (i) unprocessed products of the farm produced in the farming operations of the owner of such motor vehicle from the place of production to market or to any point of transhipment,
  (ii) unprocessed products of the sea caught, taken or produced by the fishing or other operations of the owner of such motor vehicle from the place the products are landed or produced to market or to any point of transhipment,
  (iii) unprocessed trees, logs, pulpwood, pit props, poles or similar forest products;

(c) which is owned or used by or for a farmer, fisherman or lumberman and normally used for one or more of the purposes set out in clause (b).

d. Newfoundland Exemptions: (Sec. 3 of the Motor Carrier Act) [18]

The Act does not apply to

(c) a vehicle while being used exclusively in the transportation of
  (i) trees, logs, pulpwood, pit props, or similar forest products, or
  (ii) mineral ore from the mine to a processing plant or to the first point of transhipment;

(d) a vehicle which is used exclusively by or for
  (i) a farmer for the transportation of unprocessed products of the farm, or
  (ii) a fisherman for the transportation of unprocessed products of the sea from the place of production or landing to the market or to the first point of transhipment.

As can be noted, there are differences in the list of exemptions in the various Acts. For example, one major difference in definition is the act that the Nova Scotia Act provides that an owner of not more than two 2-axle freight vehicles that are straight trucks, is exempt from the Motor Carrier Act. Farm products are exempt specifically under the other Atlantic Provinces' motor carrier acts, but in Nova Scotia a farmer who operates not more than two straight trucks is also exempt under the Act. Also a cartage operator within a city or municipality is exempt in Nova Scotia if he owns no more than two trucks.

e. United States [19]

Sec. 10526 (a) Miscellaneous Motor Carrier Transportation Exemptions of the Interstate Commerce Commission states that the Interstate Commerce Commission does not have jurisdiction over:

(4) a motor vehicle controlled and operated by a farmer and transporting---
  (A) the farmer's agricultural or horticultural commodities and products; or
  (B) supplies to the farm of the farmer

(5) a motor vehicle controlled, and operated by a cooperative association or by a federation of cooperative associations

(6) transportation by motor vehicle
  (A) ordinary livestock;

(B) agricultural or horticultural commodities (other than manufactured products thereof);

(C) commodities listed as exempt in the Commodity List incorporated in ruling numbered 107, March 19, 1958 Bureau of Motor Carriers, Interstate Commerce Commission other than frozen fruits, frozen berries, frozen vegetables, cocoa beans, coffee beans, tea,bananas or hemp, or wool imported from a foreign country, wool tops and noils, or wool waste (carded, spun, woven or knitted);

(D) cooked or uncooked fish, whether breaded or not, or frozen or fresh shell fish or by-products thereof not intended for human consumption other than fish or shellfish, that have been treated for preserving, such as canned, smoked, pickled, spiced, corned, or kippered products; and

(E) livestock and poultry feed and agricultural seeds and plants, if such products (excluding products otherwise exempt under this paragraph) are transported to a site of agricultural production or to a business enterprise engaged in the sale to agricultural producers of goods used in agricultural production.

(7) a motor vehicle used to distribute newspapers;

(8, 9, 10) not applicable to freight vehicles;

(11) transportation of used pallets and used empty shipping containers (including intermodal cargo containers) and other used shipping devices;

(12) transportation of natural, crushed, vesicular rock to be used for decorative purposes;

(13) transportation of wood chips.

Under Sec. 10526(b), the Interstate Commerce Commission does not have jurisdiction over transportation provided entirely in a municipality, in contiguous municipalities, or in a zone that is adjacent to, and commercially a part of, the municipality or municipalities with minor exceptions as noted in the Act.

To elaborate the above broad-based exemptions specifically stated in the Act, the Interstate Commerce Commission has issued Administrative Ruling 119 [19] listing hundreds of commodities that are exempt under the Act as well as hundreds of closely similar commodities that are not exempt under the Act.

There is no question that there are many more exempt commodities in the United States as compared with those covered under the various Atlantic Provinces Acts.

One important example is that there are a considerable number of carriers holding permits in Atlantic Canada who haul fish southbound to the United States and fruits and vegetables northbound. These carriers are exempt for these commodities under the ICC Act but require permits for all Atlantic Province portions of the movements.

4.2.2 Entry Requirements

Under the Nova Scotia Motor Carrier Act [15] a person who desires to provide a freight transport service must apply with a petition under the Public Utilities Act containing such information as required by regulation. Among other information, the applications must contain extensive information about routes, specialty of service, frequency, length of route, schedules, rates, equipment, contract service. Upon consideration the Board renders a decision in light of Sec. 11 of the Act, as follows:

(a) sufficiency of service already provided by opponents, whether highway, water, air or rail service;

(b) possible excess of facilities over requirements;

(c) general effect of license on transport service and effect on public interest;

(d) quality and permanence of proposed service; and

(e) fitness, willingness and ability of the applicant to provide proper service;

(f) any other matter that in the opinion of the Board, is relevant or material to the application.

The service that a licensed carrier may provide necessarily is limited to the terms and conditions of his license, the Act and the regulations. The power to specify routes and areas of freight transport operations is expressly vested in the Board. The general power to impose such terms and conditions to a license and to make regulations controlling the operation of freight vehicles is the basis upon which the Board restricts the type of merchandise a licensee is authorized to carry. These powers directly affect the extent of a license. Regulations adopted by the Board indicate the restrictions that could be imposed:

(a) the type of service, whether general or restricted;

(b) the route to be operated;

(c) a broad area to be served, such as a county;

(d) a small area to be served, such as a municipality, called Local Service;

(e) the frequency of a service;

(f) the ability to interchange vehicles between carriers; and

(g) the opportunity for casual leasing.

A license continues automatically on payment of annual fees, provided that insurance requirements are satisfied. Amendment or suspension may occur after an inspector's report or public complaint of a violation. The license holder must then explain to the Board why his license should not be amended or cancelled. The Board wants the licensee to be able to give his reasons for extenuating circumstances justifying the lapse.

The abandonment and the discontinuance of service, whether partial or total, are subject to an affirmative order of the Board after hearing.

In New Brunswick [16], the Board grants licenses over specified routes, between specified points or generally throughout the province. The Board also has authority to determine the commodities to be carried and impose other conditions deemed necessary. The classes of licenses are specified by regulation.

(a) General license,
(b) Contract license,
(c) Furniture license,
(d) Haulaway license,
(e) Tractor lease license, and
(f) Special license.

The legislation provides that no licensed motor carrier shall abandon or discontinue any public motor truck service included in its license without an order of the Board, which shall be granted only after notice and hearing.

In Prince Edward Island [17], the categories of authorities are specified by policy of the Board in each license to meet the requirements of the proposed service. Examples include general freight, contract carriage, controlled temperature, tank truck.

The procedure of cancellation by the Commission of a license for impropriety of service generally is introduced upon complaint.

In Newfoundland [18], the Board may specify the class of service, the routes and areas to be served, the frequency of service, time schedules and other particulars. Some services are restrictive in themselves, such as contract or specialty services. A contract service authorization is valid solely between the parties, and only for the duration of the contract, which has to be filed. A specialty service has to be specifically authorized in the certificate.

The holder of a certificate shall seek the approval of the Board before abandoning or discontinuing of service.

Observations

Each Act defines so-called public convenience and necessity in different ways and in fact each definition in each Act is quite vague thereby causing confusion at times on the part of those either making or objecting to applications for permits.

In addition, there is no uniformity between the four provinces in respect of the administrative details in making applications for permits to the respective Boards, such as common forms or procedures for advance publication. Furthermore, each Province grants a permit to a motor carrier describing the rights permitted under different categories, such as in the types of services permitted whether general or restricted, the types of commodities that may be handled, the levels of service required, the types of equipment that may be employed and the like.

Each Atlantic Province has the requirement for a public hearing for all license applications, whether opposed or not. This requirement is not needed in the United States.

4.2.3. Sale, Assignment, Lease or Transfer of a License

All four Atlantic Provinces require that their respective Boards approve the sale, assignment, lease or transfer of a license. Each Act defines the subject in a slightly different manner, as follows:

Nova Scotia	- Sec. 9 (1) of the Motor Carrier Act [15] deals with "Sale, assignment, lease or transfer of a license."
New Brunswick	- Sec. 10 (1) of the Motor Carrier Act [16] deals with "sell, lease, transfer, delegate or assign its motor carrier business or its license."
Prince Edward Island	- Sec. 5 (1) of the Motor Carrier Act [17] deals with "No license issued under this Act shall be sold, assigned, leased or transferred."
Newfoundland	- Sec. 7 (1) of the Motor Carrier Act [18] deals with "sell, assign or transfer his certificate."

All four Acts, therefore, require the approval of the respective Boards when the ownership or operation of a license is transferred to another person. However, there are no restrictions or approvals required when the shares of a company possessing a license are sold. This is not the case in Quebec, Ontario or the United States where prior approvals are required when shares of a company possessing a license are sold.

4.2.4 Freight Charges

Sec. 20 of the Nova Scotia Act [15] states that every motor carrier, who carries on the business of a carrier of freight, shall file with the Board schedules of the rates and charges charged by him for the carriage of freight and for the services rendered by him in connection therewith, and upon changing or varying any such rates or charges shall within fifteen days of the effective date of such schedule file with the Board a schedule of the changes and variations. The Nova Scotia Act [15]

does not provide for the Board to fix the rates (either exact, minimum or maximum) for motor vehicle freight transportation. Therefore the Board has no direct control over freight rates, other than being the filing office and having the power to enforce compliance with filed rates.

In New Brunswick under the Motor Carrier Act [16], the Board may require a motor carrier to furnish information relating to his operations and may make regulations "respecting the schedules and service, rates, fares and charges of a licensed motor carrier". The regulation provides that a licensed carrier must file its rates with the Board. A carrier can charge a rate different from that of its filed tariff as long as it files the differing rate within fifteen days after the effective date. The Board could control rates through its regulatory power, but the policy and practice is to accept the rate as filed.

In Prince Edward Island under the Motor Carrier Act [17], a licensed carrier must file a schedule of tolls with the Commission for approval before a toll is charged. After the filing and approval of a tariff, a licensed carrier may demand, receive, tender or charge a toll different from that of the approved tariff, provided that he files the differing rate within the fifteen days following their effective date. The Commission has authority to disallow a tariff (in part or in whole) and to revise it from time to time. However, the Commission generally accepts the tariffs as filed. The power to fix rates by regulation has not been exercised.

In Newfoundland, under the Motor Carrier Act [18], the Board has very wide powers regarding rates. It may fix or approve schedules, minimum and maximum rates and may revise these at any time. When a rate is approved or fixed by the Board, compliance is mandatory. The Board may investigate any rate and order a formal hearing to assure that the rates are not uneconomic, unreasonable or unjustly discriminatory. The Board must investigate rates upon complaint of a municipal body or by any five persons. Following its findings the Board may prescribe such modifications to tariff as deemed necessary.

In Quebec [20], the Quebec Transport Commission has the authority to set maximum and/or minimum rates and tariffs. Trucking rates must be just and reasonable. An appliction to establish rates must be made as part of the tariff-setting procedures and must contain reasons justifying the proposed rates. The Commission may set the rates as proposed or with the changes it deems appropriate. All carriers must claim remuneration according to the rates and tariffs set by the Commission; they may not demand, receive or tender rates other than those fixed.

In Ontario [21], holders of operating licenses must file a tariff of tolls with the Board. It must show all the rates or charges for the transportation of goods to and from points to which transportation is provided or offered by the licensee or by arrangement with any other licensee or carrier. The tariff must be published and kept available to the public. Amendments to filed tariffs may be filed with the Board, but are effective only after thirty days from filing.

In the United States, rate regulation is still much more complex than in Quebec or Newfoundland. Sec. 13(a) Section 10701 of Title 49, United States Code sets standards for rates, classifications, through rates, rules and practises. "In proceedings to determine the reasonableness of rate levels for a motor carrier, the Commission shall authorize revenue levels that are adequate under honest, economical, and efficient management to cover total operating expenses including the operation of leased equipment and depreciation plus a reasonable profit. The standards and procedures adopted by the Commission shall allow the carriers to achieve revenue levels that will provide a flow of net income, plus depreciation, adequate to support prudent capital outlays, assure the repayment of a reasonable level of debt, permit the raising of needed equity capital, attract and retain capital in amounts adequate to provide a sound motor carrier transportation system in the United States, and take into account reasonable estimated or foreseeable future costs."

In Nova Scotia, New Brunswick and Prince Edward Island rates must be filed only and the respective Boards do not question the level of such rates. However, in Newfoundland strict rate control is exercised by the Board of Commissioners of Public Utilities where rates are fixed or approved.

Rates for interprovincial and international traffic movements are handled in various ways, depending upon the Province of origin or destination. For example, rates for traffic movements between Nova Scotia and New Brunswick are only required to be filed with each motor carrier Boards. Rates for traffic movements between say New Brunswick and Quebec must be submitted to the Quebec Board for approval, and then filed in New Brunswick. Similarly rates for traffic between Newfoundland and the United States must be approved by the respective regulatory authorities and not just filed.

4.2.5 Bond and Certificates of Insurance

In Nova Scotia [15], the operation of a freight vehicle is subject to filing a bond and certificates of insurance with the Board. These certificates are required to prove that the carrier fulfills the several insurance requirements of the Act and regulations: to maintain a motor vehicle liability insurance policy in a sum not less than the amount prescribed in the Regulations, for the protection of freight; insurance for third-party coverage for property damage and bodily injury including death; insurance covering liability for loss or damage to freight caused by circumstances including fire, collision, tornado, cyclone, overturning and theft, in the sum prescribed by the Board; and a bond for C.O.D. shipments.

In New Brunswick [16], the issuance of a license is subject to obtaining a certificate of insurance (liability insurance policy of not less than $100,000).

In Prince Edward Island [17], issuance of a license is subject to the fulfillment of the insurance requirements:

(a) $25,000 for bodily injury;
(b) $50,000 for damage resulting from bodily injury;
(c) $ 5,000 for damage to property (other than that carried); and

(d) an amount fixed by the Commission for damage to cargo.

In Newfoundland [18], the consumer is protected by the insurance requirements according to the regulations adopted under the Highway Traffic Act.

There is thus no uniformity in bonding and insurance requirements between the four Atlantic Provinces.

4.2.6 Bills of Lading

The respective Motor Carrier Acts and Regulations of each of the Atlantic Provinces provide for conditions of carriage of freight by a motor carrier and are deemed to be part of every contract of carriage of freight by a motor carrier and shall be contained or incorporated by reference in every bill of lading relating to the carriage of freight by a motor carrier.

A uniform bill of lading has been agreed upon by all Provinces in Canada and is in the process of implementation by each Province.

4.2.7 Owner-Operator (Broker) Lease Arrangements

Owner-operators of trucks, commonly called "Brokers" currently have a number of different roles under a number of different circumstances, but essentially as a substitute for the regulated motor carriers own equipment for highway movement. The term "Owner-operator" is often taken to mean an individual who owns and drives his own vehicle but does not possess operating authority from the respective provincial boards. However, the term has also been used to refer to an individual who owns a number of vehicles, hires drivers and makes a lease arrangement for the vehicle together with driver to a carrier that does possess operating authority from the Board. There are Owner-operators who handle for compensation commodities exempt under the Motor Carrier Act. Some of these Owner-Operators also work part-time for carriers who are regulated under the Motor Carrier Act.

In all four Atlantic Provinces, no mention is made in the respective Motor Carrier Acts for the method that Owner-operators (Brokers) lease themselves to carriers. In practice, an Owner-operator sells his equipment "beneficially" to the carrier and the carrier registers the equipment in the carriers name. Such "beneficial" arrangements provide that the carrier legally owns the equipment, after purchasing such equipment from the Owner-operator for say one dollar, so it can be plated under the carriers permit, but for all practical purposes the Owner-operator operates the equipment under a lease agreement as if the equipment were his own.

In Quebec [20], the Owner-operator (Broker) applies to the Quebec Board for a Haul-away permit with a specified carrier. This permit authorizes the Owner-operator to register his equipment in his own name and to haul trailers for the specified carrier on the routes authorized for that carrier.

In Ontario [21], there are two methods of providing for lease arrangements for Owner-operators. One method is to follow procedures prescribed by the Ontario Board. The method is used essentially when the terms of lease arrangements are on a cents per mile basis. The other method is for the Owner-operator to "beneficially" sell his equipment to the carrier for one dollar and then have his equipment registered in the name of the carrier. This method is used essentially when the term of the lease arrangement is on a percentage of revenue basis. It should be noted that the "beneficial" lease arrangement can be consumated much more quickly than leases which must be approved by the Ontario Board, and in addition there is more freedom in the lease arrangement.

In the United States [22], the Owner-operator (Broker) is the holder of a special permit which authorizes him to register his equipment in his own name and to lease himself to a carrier or carriers on terms approved by the Interstate Commerce Commission. There are many Owner-operators in the United States in the business of hauling exempt commodities. Some of these also lease themselves to carriers on short-term lease arrangements.

In the four Atlantic Provinces where the Owner-operator (Broker) sells his equipment "beneficially" to the carrier and the carrier registers the equipment in the carriers name, there is no protection from carriers provided to the Owner-operator (Broker) under the respective Motor Carrier Acts who for one reason or another do not bother to execute a proper lease agreement defining the terms of the lease arrangement. Where adequate lease agreements are not executed, Owner-operators (Brokers) could have problems in the case of accidents or for non-performance of the Owner-operator (Broker) or the carrier.

4.2.8 Temporary Operations

In Nova Scotia, Reg. 105 [15] states that "in special cases and upon application, the Board in its discretion may authorize a licensed motor carrier to furnish a temporary service for a period not to exceed thirty days or a single trip service...". Where a motor carrier has been authorized to provide a single trip service he shall pay a fee of $20 for each trip for each vehicle authorized to provide the service.

In New Brunswick, Sec. 4(7) of the Act [16] states that "the Board, the Chairman, the Secretary or the Assistant Secretary may in its or his discretion in cases of emergency or extreme necessity grant temporary authority to any person to operate a public motor carrier service in the Province for a period not exceeding thirty days." Upon the granting of a temporary authority, the grantee shall pay a fee of $20.

In Prince Edward Island, the powers of the Board [17] provide for the issuance of a temporary authority for the payment of $20 per trip.

In Newfoundland, Sec. 66 of the Regulations [18], states that "In special cases and upon application, the Board in its discretion may authorize a motor carrier to furnish a temporary service for a period not to exceed thirty days or a single trip service..." The fee is $20 per trip.

4.2.9 Freight Forwarders and Truck Transportation Brokers

Neither Freight Forwarders nor Truck Transportation Brokers are regulated under the motor carrier acts of the Atlantic Provinces. However, both are regulated under the respective motor carrier acts to varying degrees in Quebec, Ontario and the United States.

Ontario [21], defines what is meant by a Freight Forwarder as follows:

> "freight forwarder" means any person not the holder of an operating license who transports or offers to transport or provides the transportation or offers to provide the transportation of goods on a highway for compensation and who,
> (i) assembles and consolidates or provides for assembling and consolidating shipments of such goods, and performs or provides for distributing operations with respect to such consolidated shipments, and
> (ii) assumes responsibility for the transportation of such property from point of receipt to point of destination, and
> (iii) utilizes a commercial vehicle or trailer as defined in the Highway Traffic Act or a dual-purpose vehicle for the whole or any part of the transportation of such goods beyond an urban zone.

In Ontario, a Truck Transportation Broker is not regulated, although he operates in all but two respects like a Freight Forwarder. First, a Truck Transportation Broker does not issue a bill of lading to the shipper, but instead, when he operates within the terms of the Ontario Public Commercial Vehicle Act he arranges for a motor carrier to pick up the goods and for the motor carrier to issue a Bill of Lading to the shipper. A Truck Transportation Broker thereby takes no legal responsibility for the movement as defined in the P.C.V. Act. A second difference between a Freight Forwarder and a Truck Transportation Broker is the type of traffic solicited. A Forwarder for the most part handles less than truckload traffic whereas a Truck Transportation Broker generally solicits truckload traffic only. The services provided by Truck Transportation Brokers often include the following major items:

(a) soliciting traffic from customers for such as a flat fee or a percent of revenue;
(b) arranging for the transportation of such traffic by a motor carrier or by an Owner-Operator on behalf of a motor carrier;
(c) assisting the customer in negotiating rates to be charged for the transportation;
(d) performing a rate audit on profiles from carriers;
(e) arranging clearance of goods through custom brokers for international traffic;
(f) assisting the Owner-Operator (when used) in a variety of ways such as verifying insurance; and

checking equipment, issuing placards, advancing funds, supervising the driver, making final reports to the carrier, and the like.

In Ontario, Truck Transportation Brokers can only work within the terms of the P.C.V. Act when they arrange and turn over the traffic to a licensed carrier. Sec. 2[4] of the P.C.V. Act states "No person shall solicit by means of advertising, or otherwise undertake to arrange the transportation of goods by means of a vehicle operated on a highway by, for or on behalf of any person who receives compensation, either directly or indirectly, for such transportation, unless the person by, for or on behalf of whom the vehicle is operated is licensed under this Act to perform the transportation that is the object of such advertising or undertaking".

In Ontario, Truck Transportation Brokers seldom work with licensed carriers primarily because carriers want to control their own solicitation efforts and contacts with customers. Instead Truck Transportation Brokers frequently operate illegally under the P.C.V. Act by contravening the terms of the P.C.V. Act in two ways when:

(a) they solicit traffic not exempt under the P.C.V. Act and turn the traffic over to an unlicensed carrier for the highway haul. In many cases, the carrier making the highway haul is an unlicensed Owner-operator:

(b) they allege to be an agent for a private shipper and then endeavour to obtain vehicles from one source and a driver from another. Such arrangements are called pseudo-lease arrangements.

Freight Forwarders and Truck Transportation Brokers operate in all four of the Atlantic Provinces and are not regulated in the area. Regulation in one form or another exists for Forwarders in Quebec, Ontario and the United States, and for Truck Transportation Brokers in the United States.

4.2.10 Private Carriage and Equipment Leasing

In Nova Scotia, the Motor Carrier Act [15] does not define the transportation of commodities exclusively the property of the owner of the motor vehicle, commonly called private carriage. The Act defines freight vehicle which comes under the Act as meaning "a vehicle operated by or on behalf of any person carrying on upon any highway the business of a carrier of freight for gain".

In New Brunswick, Sec. 13(11)(k) of the Motor Carrier Act [16] states that the Act does not apply to any motor vehicle "that is used for the transportation of commodities bona fide and exclusively the property of the owner of the motor vehicle".

In Prince Edward Island, Sec. 11(1)(d) of the Motor Carrier Act [17] states that the Act shall not apply to any other motor vehicle "which

is used exclusively for the transportation of goods and chattels bona fide the property of the owner of the motor vehicle".

In Newfoundland, Sec. 3(e) of the Motor Carrier Act [18] states that the Act does not apply to "a vehicle which is used exclusively for the transportation of goods and chattels bona fide the property of the person in whose name the vehicle is registered under the Highway Traffic Act". The Newfoundland Motor Carrier Act [18] further states that no motor carrier services can be offered under guise of lease agreement. Sec. 4A of the Act states:

> "No person shall enter into a lease of a motor vehicle or trailer where:
>
> (a) the lessor of the motor vehicle or trailer engages or pays directly or indirectly the driver of the motor vehicle or trailer;
>
> (b) the lessor in any manner whatsoever exercises any control over the driver in the course of his employment as a driver of the motor vehicle or trailer;
>
> (c) the lessor of the motor vehicle or trailer in any manner whatsoever assumes any responsibility for any goods transported by the motor vehicle or trailer; or
>
> (d) the lessee of the vehicle does not acquire or exercise absolute possession of and control over the operation of the motor vehicle or trailer under the lease".

Under Sec. 3(2) of the Ontario P.C.V. Act [21], lease arrangements are permissible as follows:

> "An arrangement or agreement shall be deemed not to be a valid lease of a vehicle for the purposes of this Act;
>
> (a) unless it is in writing and sets out fully and accurately all the terms under which the vehicle is leased;
>
> (b) unless the lessee acquires or exercises exclusive possession and control over the vehicle under the arrangement or agreement;
>
> (c) where the lessor or his agent or servant engages or pays directly or indirectly the driver of the vehicle;
>
> (d) where the lessor or his agent or servant in any way exercises any control over the driver in the course of his employment as a driver of the vehicle;

(e) where the lessor of the vehicle or his agent or servant in any manner whatsoever assumes any responsibility for any goods transported by the vehicle;

(f) where the vehicle is the subject of more than one arrangement or agreement for its use during the same period of time".

Despite the terms in the Ontario P.C.V. Act [21], there are a large number of violations underway at all times in Ontario, very often sponsored by Truck Tranportation Brokers in conjunction with private shippers. Most private shippers in Ontario lease their equipment from leasing companies and this part is usually quite proper. Violations occur in the arrangements to provide a driver such as who pays for and controls the work output of the drivers.

The only prohibition in the Nova Scotia Motor Carrier Act against pseudo-lease arrangements is in the definition of a "freight vehicle", which "means a vehicle operated by or on behalf of any person carrying on upon any highway the business of a carrier of freight for gain." In the four Atlantic Provinces, many pseudo-lease arrangements originating in Ontario and Quebec are made into proper legal arrangements by obtaining a single trip permit (as described under Temporary Operations).

While each Province attempts to control lease arrangements in its own way, there is no uniformity in the respective Motor Carrier Acts. Furthermore pseudo-leasing arrangements are increasing substantially in Canada and are becoming a major problem to all motor carrier boards.

Fundamentally, there are no problems with private carriage where an owner of goods owns and operates his truck equipment exclusively for his own use. Problems arise when an owner of goods leases truck equipment and enters into some arrangement with a driver other than as a genuine employee to operate the leased equipment.

4.2.11 Offences and Penalties

In Nova Scotia, Sec. 33 of the Motor Carrier Act [15], states that "any motor carrier who violates or fails to observe any provision of this Act...shall be guilty of an offence and shall be liable for the first offence to a penalty not exceeding one hundred dollars; for the second offence to a penalty not exceeding two hundred dollars; and for the third or any subsequent offence to a penalty not exceeding five hundred dollars, and in default of payment to imprisonment not exceeding sixty days or to both penalty and imprisonment."

In New Brunswick, Sec. 20(1) of the Motor Carrier Act [16] states that "every person, motor carrier, officer and agent or employee of a motor carrier who violates or fails to comply with... is guilty of an offence and liable to a fine of not less than twenty-five dollars and not more than five hundred dollars, or to imprisonment for a term not less than one and not more than six months, or to both fine and imprisonment."

In Prince Edward Island, Sec. 28 of the Motor Carrier Act [17] states that "every person who contravenes any of the provisions of this Act or any regulation... to a fine for the first offence of twenty-five dollars... for a second offence to a fine of fifty dollars... and for every subsequent offence to a fine of two hundred dollars and in default of payment to imprisonment for sixty days".

In Newfoundland, Sec. 32(1) of the Motor Carrier Act [18], states that "every person who violates any provision of this Act or of any regulation... for a first offence to a penalty not exceeding one hundred dollars... and for a subsequent offence within a period of two years to a penalty not exceeding five hundred dollars...".

In the United States, the Interstate Commerce Act [22] Sec. 11906 Evasion of regulation of motor carriers and brokers states "a person, or an officer, employee, or agent of that person that by any means knowingly and wilfully tries to evade regulation provided under this subtitle for motor carriers or brokers shall be fined at least $200 but not more than $500 for the first violation and at least $250 but not more than $2000 for a subsequent violation".

There is no uniformity in the four Atlantic Provinces in respect of offences and penalties and the level of fines has not been changed for years.

Observations re: Economic Regulations

There is very little uniformity in details of economic regulations between the four Atlantic Provinces. However, the philosophy of regulation is generally in tune with each other in the four Provinces, except in the case of Newfoundland where rate control is exercised whereas rate filing procedures are followed in the other three provinces. Nevertheless, there is much to be done to assist the motor carrier industry as well as the shipping public in achieving greater uniformity of economic regulation within Atlantic Canada as well as with the rest of Canada. The subject of aiming for a greater degree of uniformity in regulation of the motor carrier industry will be dealt with more fully in Chapter 5 of this report.

4.3 Regulatory Boards

In Nova Scotia, under the authority of the Motor Carrier Act and Regulations [15], the Board of Commissioners of Public Utilities administers the economic regulation of motor vehicle freight transport for compensation. The Board consists of seven persons appointed on a full time basis by the Governor in Council, two of whom are designated Chairman and Vice-Chairman. [1]

In New Brunswick, the Motor Carrier Board administers the Motor Carrier Act and Regulations [16]. The Motor Carrier Board has seven members who are also Commissioners of Public Utilities. In addition, the Registrar of Motor Vehicles sits on the Board. Only the Chairman of the Board is appointed full time, but he has two other acts to administer. [2]

In Prince Edward Island, the Motor Carrier Act and Regulations [17] is administered by the Public Utilities Commission, which is a three-member Commission.

In Newfoundland, the Board of Commissioners of Public Utilities administers the Motor Carrier Act and Regulations [18]. The Board consists of five members, two of whom are designated Chairman and Vice-Chairman.

There are varying degrees of formality for carriers in making appearances before the various Boards. Both the Newfoundland and Nova Scotia Boards have more formalized hearings. The New Brunswick and Prince Edward Island Boards appear to be less formal in the hearing process.

The Economic Council of Canada released in August, 1980 Working Paper No. 3 in Studies of Trucking Regulations: Vol. II. [23] In this Working Paper, Norman C. Bonser developed the impact of Regulation on For-Hire carriers - an analysis of the cost borne by carriers in the production of regulatory decisions by Province.

Table 4-3 shows for the four Atlantic Provinces a summary of the estimated total combined costs to carriers (both low and high bounds) of applying for operating authorities and of opposing license applications, along with an estimate of percent of operating revenues expended on entry seeking and forestalling activity for 1977, as follows:

Table 4-3 Estimated Total Costs to Carriers of Regulatory Process in Atlantic Canada

	Estimated Costs			
Province	Low Bounds	High Bounds	Estimate	Percent of Operating Revenues
Nova Scotia	$339,000	$670,000	$432,000	0.75%
New Brunswick	122,000	240,000	163,000	0.20%
Prince Edward Island	n.a.	n.a.	n.a.	n.a.
Newfoundland	94,000	282,000	188,000	1.00%
	$ 555,000	$1,192,000	$ 783,000	

In addition, there are substantial costs incurred by each Province in administration of the respective Motor Carrier Acts and Regulation. In Newfoundland the reported cost of administration of the Motor Carrier Act and Regulations in 1979 was in the neighbourhood of $400,000 [4].

It would appear that the total costs to the carriers as well as the costs of administration by the respective provincial boards are relatively small compared with revenues accrued by all carriers.

While the respective Motor Carrier Acts and Regulations permit joint hearings of the various regulatory Boards, in practice a motor carrier applying for an interprovincial license does so first in his home province of domicile before making applications in neighbouring jurisdictions. While

there is no written requirement to follow this procedure in any of the Acts, it is one of those procedures that has evolved over the years not only in Atlantic Canada but in other provincial jurisdictions as well.

It is considered that joint hearings are not practical in most applications for licenses until a greater degree of uniformity is achieved. Before joint hearings for interprovincial applications could become in relatively common use, it would be necessary for the respective provincial motor carrier acts to be amended having, among other matters, standardized license terminology and standardized commodity descriptions as well as uniform application forms. Appeal procedures also need to be amended. The Canadian Conference of Motor Transport Authorities has recently drafted proposed amendments to the Motor Vehicle Transport Act to permit, among other matters, the ability to have a greater number of joint hearings at the discretion of each provincial board.

4.4 Role of Groups Sponsored by Government

There are a number of forces at work, sponsored by Government, gradually shaping Acts and Regulations towards greater uniformity within Canada and within the four Atlantic Provinces. A brief description of these groups follows:

4.4.1 Canadian Conference of Motor Vehicle Administrators (CCMTA):

This organization has been in existence for over 20 years with reresentatives of provincial governments. In 1977, the Federal Government was invited to participate more fully in its work. The Senior Group consists of the Ministers of Transportation of all provinces as well as the Minister of Transportation of Canada.

The Standing Committee of the CCMTA was mandated to study and report on areas in which regulatory policies and procedures should be uniform, the extent to which such uniformity would be desirable to ensure the smooth flow of goods and people across the country, and finally the means to create this uniformity.

There are currently a number of working groups dealing with such matters as modification to the Motor Vehicle Transport Act, common board procedures, common documentation, common information base, reciprocity and taxation, and dangerous goods. Each working group has a chairman and a four to five member executive representing the various regions of Canada and the Federal Government.

It should be noted that the CCMTA does not in its studies attempt to recommend changes in the level of truck regulation as this subject falls clearly under the jurisdiction of each provincial government. Its studies are aimed at steps to lessen the complexity and therefore the cost of regulation in the highway transport industry by making proposals to achieve uniformity and simplicity of legislation, regulation and regulatory procedures. For example, one of its recent studies, as mentioned previously, is to make proposed amendments to the Motor Vehicle Transport Act aimed at lessening the complexity of truck regulation.

4.4.2 Roads and Transport Association of Canada (RTAC):

This is a much broader organization of about 800 members and is an industry advisory group dealing with general regulations from a municipal as well as provincial and federal points of view. Again the Ministers of Transportation attend the annual meetings and are therefore in a position to recommend to their respective governments new policies that may evolve from their studies.

The Annual meetings for both CCMTA and RTAC are held in the same week, in the same city, with Ministers of Transportation in attendance at both groups. Working committees meet during the year.

Some of the subjects under current study are:

Review of Motor Vehicle Transport Act
Legislation on Dangerous Goods
Truck standards
Wide road signs
Tire standards
Driver training
Reciprocity with States of U.S.

4.4.3 American Association of Motor Vehicle Administrators:

This is the U.S. counterpart to CCMTA. The two groups meet jointly on an international basis each year to assist motor vehicle movements in international trade. There is active liaison between the groups.

4.4.4 Atlantic Province Premiers and New England Governors who meet annually:

Reciprocal agreement is one topic under consideration.

4.4.5 Council of Maritime Premiers:

In addition the Council of Maritime Premiers has a transportation committee. One of the objectives of this Committee is to attempt to ensure uniformity of truck legislation in the Maritimes.

4.4.6 Individual Provincial Studies:

Changes are continually taking place in both the motor carrier acts and motor vehicle acts in each of the Atlantic Provinces as a result of individual provincial studies. For example, New Brunswick recently introduced a Bill to amend the Motor Carrier Act making it more responsive to current conditions. In addition, Nova Scotia currently has a committee which is actively studying possible changes of a far-reaching nature to the Nova Scotia Motor Carrier Act. About a year ago, the Newfoundland government commissioned a study into their Motor Carrier Act.

4.5 Role of Regional Groups Sponsored by Industry

There are a number of regional groups sponsored by industry, all having involvement one way or another in the regulatory process.

4.5.1 Tariff Bureaux

There are four Tariff Bureaux serving carriers in Atlantic Canada with tariffs within Atlantic Canada and to and from Atlantic Canada and neighbouring contiguous areas. For traffic beyond these contiguous areas, traffic is interlined through other tariff bureaux. Appendix A describes in detail the scope of each of these tariff bureaux.

The Tariff Bureaux provide a forum where rates may be derived by looking at all the relevant information. The transportation industry is very complex with thousands of routes, commodities, shippers and carriers. There is too much information to set up a workable system where each carrier must set rates for the commodities of each shipper on all routes especially for long haul interprovincial movements.

The cooperation that takes place within the Bureaux allows for rates which can be adjusted as conditions change. Rate Bureaux provide each member with the necessary information to make an informed decision on any potential policy change.

Considerable cost savings are also derived from the system since the tariff bureaux determine one price based on competitive pressures which is then published in a single and comprehensive volume. Not only do the carriers save the cost of preparing, processing, printing and distributing tariffs but the shippers also save the cost of searching for the best available price on each of their numerous shipments.

The shipper is also protected against discrimination to the extent that he knows that all similar shipments will be moved at the same price.

In respect of less-than-truckload traffic especially for long haul interprovincial movements, because of the permutations and combinations of points of origin and destination, potential for interline costs of handling and so on, without the Bureau there probably would be less competition because of difficulties of defining a market. In order to have a market, shippers have to be able to compare price and service. No shipper would be in a position to know where he would get the best rate because of the overwhelming proliferation of paper, all of which would be subject to change constantly. At the very least, through the tariff bureau the L.T.L. shipper has an organized market where he does know the terms and conditions of shipping, he knows that interline arrangements are in place so he does not require an agent at transhipment points and he has a pricing option based on consolidated shipment rates. Furthermore, nothing in the bureaux function in handling less-than-truckload freight interferes with service competition between carriers, which is crucial for L.T.L. shipments.

Within the bureaux the right of independent action and the promotion of interlining inhibit the submission of unreasonably high rates. Competitive presures from outside the bureaux come from private carriers,

contract carriers, non-bureau member for-hire carriers, rail express companies, rail Plan II piggyback, forwarders by rail truck and air, as well as from railways.

There is active discussion taking place in the motor carrier industry and respective shipper groups on the need for collective rate-making through tariff bureaux. In most discussions, the need for collective rate-making is deemed to be necessary but the method of operation of such bureaux now seems to require some modification. The shipper groups advocate greater participation in the discussion of proposals for rate changes. Shipper participation appears to be agreed to in general by the trucking industry as well. Shipper groups are opposed to rate regulation such as exist in Newfoundland and in Quebec, but they desire input into rate changes prior to filing with regulatory boards.

4.5.2 Atlantic Provinces Trucking Association

The Atlantic Provinces Trucking Association (APTA) is open for any for-hire carrier, private fleet operator, or Owner-operator (Broker) who is actively engaged in the trucking industry in the Atlantic Provinces. The APTA estimates that its members transport 95% of the general for-hire freight shipped in the Atlantic Provinces.

In 1980, the APTA had 268 members; 93 active, 105 associate, 10 special, 16 private fleet and 44 Owner-Operator (Broker) members.

The APTA actively concerns itself with policies in respect of regulation in Atlantic Canada. It makes submissions to various Atlantic Canada provincial bodies when its views are requested, or when there is some matter affecting its regulatory policy which it wishes discussed in a formal manner.

The APTA advocates the need for uniformity of regulations in the longer term between the Atlantic Provinces primarily due to their smaller size relative to other Canadian provinces and hence the necessity of more traffic crossing provincial boundaries within shorter distances. The APTA believes that such uniformity can lead to cost efficiencies and better policing of the applicable regulations.

The APTA advocates that currently no substantive changes be made in the respective motor carrier acts, that is, respecting entry and rate filing. Furthermore, it believes that changes which would lead to simplifying the granting of authority and changes that would facilitate adequate enforcement would be beneficial to protect the primacy of the present common carrier industry [24].

4.5.3 The Canadian Industrial Traffic League - Atlantic Division

The Canadian Industrial Traffic League is a national association comprising some 1000 members who represent some 450 industrial and commercial companies and their subsidiaries across Canada. The Atlantic Division of the League comprises 17 major companies located in the Atlantic Provinces.

The member companies of the League consist of industrial and commercial concerns of all types and sizes who are shippers and receivers of all kinds of goods and in quantities covering the smallest of shipments to truckloads, trainloads and shipload quantities.

The Atlantic Division is supportive of those moves which promote uniformity of regulation within the Atlantic Provinces and in the rest of Canada. It believes that shippers in smaller communities are facing a deterioration in the quality of service to their communities. It believes that in applications for new routes, the burden of proof should be on the objector to show that the service sought by the applicant will be in excess of requirements, rather than on the applicant to demonstrate the contrary. The Atlantic Division supports the retention of all tariff bureaux in Canada, but advocates that shippers be included in tariff bureau activities. It believes that certain administrative changes should be made in procedures before the respective motor carrier boards.

4.5.4 The Canadian Manufacturers' Association

The Canadian Manufacturers' Association is an advocate of substantial relaxation of controls over motor carriers, which in turn is echoed by its provincial branches. For example, its Nova Scotia Branch believes that freer entry, elimination of pricing controls and tariff bureau reforms would be beneficial to manufacturers and consumers in Atlantic Canada.

It believes that a relaxed approach to entry and pricing regulations of the trucking industry will require coordinated action on the part of all Canadian jurisdictions, and that furthermore, in Atlantic Canada regulatory reform should be coordinated among the four provinces in the region.

Speaking at the Atlantic Provinces Trucking Association annual convention in October, 1981 [24A], the transportation manager of the Canadian Manufacturers Association stated that the "regulatory burden on the trucking industry is threefold. Firstly, tight control on entry into new markets and constraints on flexible operation in existing markets pose a burden to those who are striving to be innovative and aggressive in serving the needs of the shipping public. Secondly, the cost of the regulatory process - hearings, administration and enforcement - must be borne directly or indirectly by the carrier. Thirdly, the protective regulatory shield has dulled the competitive and entrepreneurial spirit which has existed among the trucking pioneers of an earlier generation. One clear manifestation of this is the easy acceptance by the industry of increased costs which are simply passed through to the shipper."

4.5.5 Atlantic Provinces Transportation Commission

The Atlantic Provinces Transportation Commission (APTC) is located in Moncton, N.B. Directors of the Commission are appointed by the four Atlantic Provinces and by the Atlantic Provinces Chamber of Commerce.

The object of the Atlantic Provinces Transportation Commission is to obtain for persons and industries in the Atlantic Provinces the best transportation services possible at a cost which will permit the Atlantic Provinces to compete in the markets of Canada and throughout the world [25]. The Commission has many functions, including the provision on request of data and expertise on rates, advice on preparation and presentation of briefs and submissions, provision of technical advice to governments, continual review of the transportation system, and many other related matters [25]. It provides a monthly publication dealing primarily with rate matters, but also includes information of general information to carriers and shippers.

The Commission has not taken a formal position on the pros and cons of truck regulation, although it is believed to be in favour of greater uniformity of regulation within Atlantic Canada. Nevertheless, it periodically develops factual data on truck regulation. For example, during the Fall of 1981, the APTC conducted a survey of Atlantic Province shippers concerning motor carrier regulation and published the data from the survey in their November 1981 publication Tips and Topics [25A]. The survey indicated a very substantial desire for less regulation of the motor carrier industry in the Atlantic Provinces.

CHAPTER 5

CONSEQUENCES OF TRUCKING REGULATION IN THE ATLANTIC PROVINCES

In response to the demands of the shipping public over the past twenty-five years, the regulatory process in Atlantic Canada has created the structure of the for-hire trucking industry as it exists today. While conceptually, in their objectives towards regulation, there is not a great deal of distinction, each Atlantic Province has reacted in somewhat different ways in its own area in details of implementation of regulation in the development of the trucking industry.

Within Atlantic Canada, there are differences in how each province classifies and restricts carriers under their jurisdiction and in the treatment of minimum service requirements, there are variations in exempt commodities and equipment, and other differences as outlined in Chapter 4.

It can be argued very strongly that the time has come to take a fresh look at the different approaches to regulation within Atlantic Canada especially with the point of view in mind of implementing greater uniformity of regulation, at least within Atlantic Canada and hopefully in time in neighbouring jurisdictions as well. This Chapter looks at areas of potential change in order to streamline such regulations which it is believed would be beneficial both to the trucking industry and to the shipping public.

Chapter 3 described the highlights of the economic characteristics of the trucking industry in the Atlantic Provinces, concluding:

(a) that small and medium sized carriers still play a prominent role in the movement of truck traffic in the Atlantic area, proportionately, more so than in the rest of Canada;
(b) that the growth rate of total motor vehicle registrations in each of the Atlantic Provinces 1978 over 1973 greatly exceeded the growth rate for all Canada;
(c) that there is no widespread difference in the relative profitability of the Atlantic Provinces domiciled carriers on an overall basis as compared with carriers as a group in the rest of Canada;
(d) that there is a very significant flow of traffic by truck between Atlantic Canada and Ontario and Quebec;
(e) that only about half the trucks operating on the highways of Atlantic Canada are regulated under the respective Motor Carrier Acts; and
(f) that the trucking industry is extremely competitive, within itself and from carriers not regulated under provincial motor carrier acts.

Many articles and reports [26] have been written in the recent past discussing the pros and cons of the value of trucking regulation, some unfortunately written by only partially informed individuals on the intricacies of the trucking industry. Various individuals have postulated in their article or reports views ranging from only minor changes in

regulation to views in effect largely eliminating trucking regulation. However, even the most ardent deregulationists in Canada still advocate some minimum form of regulation.

A great deal of deregulation comment has derived from publicity resulting from the Motor Carrier Act of 1980, in the United States. The trucking industry in the United States prior to this Act was regulated to a far greater extent than motor carriers in Atlantic Canada. Even the 1980 Act has retained more regulatory aspects than are currently included in the Atlantic Provinces Acts, such as controls over the rate-making process. However, entry regulation in the United States has been eased somewhat under the new Act. The following table shows the trend towards "reregulation" in the United States: [27]

Year	Applications for new authority before Inter-State Commerce Commission	Percent of applications granted
1976	4,700	not available
1977	7,600	not available
1978	8,700	95.8%
1979	12,000	98.4
1980	22,100	99.6

About 80% of all application are now unopposed. "Fitness" is almost the only item that an applicant has to show.

Currently however in 1981 the recently apppointed Chairman of the Interstate Commerce Commission appears to be moving back in the other direction to tighter restrictions on entry.

The Motor Vehicle Transport Act in Canada in 1954 delegated regulation of extraprovincial motor carriers to the provinces. Several years later New Brunswick and Nova Scotia passed their present Motor Carrier Acts, subsequently followed by Prince Edward Island and then Newfoundland in 1970. Over this more than twenty-five year period, the trucking industry grew at a very substantial rate, adapting itself to an environment of somewhat differing forms of regulation in each province. Individual shippers as well as shipper groups also adapted to the somewhat differing forms of regulation in each province. There are thus many deeply entrenched interests which have been created around the separate provincial regulatory environments.

It has been contended that there is far too much at stake to make sudden revolutionary changes to the regulatory process as it exists in both Atlantic Canada and Canada as a whole. Trucking is extremely important to intra-provincial, interprovincial and international trade to take any chance of major disruptions to the present ease of flow of goods from any sudden precipitate action deregulating the industry.

This is not to say that there should not be evolutionary changes in trucking regulation, with such changes coming only after careful study of

the impact on the flow of trade in various areas. In essence this appears to be the process that is actually happening in Canada, but at a relatively slow pace.

As described in Chapter 4, there are numerous groups in Canada working carefully towards making improvements and modifications to the process of truck regulation in Canada. The Canadian Conference of Motor Transport Administrators (CCMTA) coupled with the Roads and Transport Association of Canada, and in conjunction with the Federal and provincial Ministers of Transportation have done and are doing excellent work at improving certain aspects of the regulatory process. Its studies are aimed at steps to lessen the complexity of trucking regulation rather than changes in the level of regulation itself which fall clearly under the jurisdiction of each provincial government. In this latter regard, various provincial groups such as in Nova Scotia and in Ontario are currently actively studying their respective Motor Carrier Acts to update and improve the regulatory process aimed at potential changes in the level of truck regulation in their respective jurisdictions.

While improvements have been made in the regulatory process to assist in the ease of movement of traffic, there is much more that could and should be done by provincial groups. Chapter 4 pointed out some of the areas especially in Atlantic Canada where differences in regulation exist.

The one objective sought by most participants operating in the inter-provincial regulatory arena is to achieve greater uniformity of economic regulation by the provinces. The following areas are possible candidates in a goal to achieve greater uniformity, expecially in Atlantic Canada:

(a) Updating of language in the Acts such as in the definition of Public Convenience and Necessity to make such definitions more meaningful.
(b) Exempt Commodities and Equipment - There is no real rationale for the differences now in existence in Atlantic Canada. It is believed that after careful study and contacts with both the trucking industry and shipper groups, that evidence would be found to make such exemptions relatively uniform within Atlantic Canada. Furthermore, it is believed that evidence would also be found to enlarge the list of such exemptions.
(c) Uniform Practices - A common form and consistent procedures for interprovincial applications would be welcomed by most participants.
(d) License terminology - such as classification of types of services, granted in licenses which now vary considerably province by province. This would require the development of a standard method of classification at least for interprovincial licenses and in time a gradual rewriting of current licenses.
(e) Filing of rates versus control over rates - It could be beneficial if in due course Newfoundland would move away from control of interprovincial truck rates after the industry in that province becomes more mature and stabilized, and would revert to filing of rates only, the same as in the other Atlantic Provinces.

(f) Bonding and insurance requirements - The report states that it should not be too difficult to develop consistent minimum requirements for interprovincial carriers as the risk factors must be essentially the same for all Provinces.

(g) Changes to permit some form of intercorporate private trucking to assist in the transportation movements of jointly owned or controlled industrial companies in interprovincial and international service.

The current Motor Carrier Acts in the four Atlantic Provinces have a requirement for a public hearing in the case of new applications. It is suggested that perhaps the time has come when such Acts should be amended to permit the Boards to act on their own initiative in cases where there are no objectors. An extremely high proportion of new application cases before the various Atlantic Province Boards are now granted. In Nova Scotia, for example, in the past four years about 90% of all new applications were approved [1].

Chapter 4 of the report points out that there is no uniformity in Atlantic Canada and with neighbouring jurisdictions in respect of regulation or non-regulation of freight forwarders and truck transportation brokers. Furthermore, that while there are a great number of Owner-Operators (Brokers) operating their own trucks [2] and leasing themselves to carriers there is no requirement which defines terms for leasing agreements to protect either the Owner-Operator (Broker) or even the carrier in the event of such mishaps, as is required in Quebec and in the United States. While these areas represent differences in regulation with neighbouring jurisdictions at the present time, there do not appear to be any strong demands for change in these areas in Atlantic Canada at the present time.

Chapter 4 of the report also points out that there is one area that seems to elude adequate solution by regulatory authorities at the present time, which is the extent of the so-called pseudo-leasing of equipment and drivers by private shippers to haul their own goods moving essentially in truck load lots. The report points out that the problem arises, not in the method of leasing the equipment, but in the method of paying the drivers and in the control over the drivers. The report points out that a driver of a leased vehicle if not permanently under the control of the shipper can and does act on a trip-lease basis, that is, for a different shipper in each direction, which is for-hire transportation.

An endeavour is currently underway to substantially reduce the extent of illegal trucking. The Quebec Ministry of Transport is currently launching a crackdown on illegal truck operators [28]. Recent legislation has given the Quebec Transportation Commission powers to remove the license plates of commercial vehicles involved in infractions, seize such vehicles and to impose fines ranging from $100 to $5000. Commercial vehicle inspectors now have the power to inspect the cargo inside vehicles and to break door seals to gain access to the cargo. The Quebec Trucking Association is of the belief that the amended law will spell an end to most of the illegal trucking flourishing in the province.

The President of the Ontario Trucking Association, in a brief on the intercorporate trucking issue to the Ontario Department of Transportation and Communications [29], stated that "illegal trucking is the

most serious threat to the public carrier system today". He stated that "intercorporate trucking if permitted in Ontario would greatly increase the opportunity for further illegal trucking by unscrupulous shippers especially under pseudo-lease arrangements." He further stated that "illegal trucking and lack of enforcement of regulations by provincial authorities is one of the major problems facing the regulated trucking industry today". Despite the fears of the trucking industry in Ontario, the Province of Ontario is planning to proceed with a limited form of intercorporate trucking for an experimental period [30]. Shippers strongly support the proposed move which would reduce the need for some pseudo-leasing activities.

Pseudo-leasing is spreading to Atlantic Canada. Adequate policing and penalties would appear to be the only safeguards to this problem. However, if more commodities were to be added to the list of exempt commodities in each of the Atlantic Provinces, the use by shippers of pseudo-leasing activities would be reduced somewhat. Permission to operate intercorporate trucking services would also lessen the use of pseudo-leasing practices.

In both the New Brunswick and the Prince Edward Island [2] and [3], it is pointed out that there is a real need for more data on the trucking industry. Regulators and industry groups alike would benefit from the publication of statistics which should be more current than at present and in greater depth.

Under the "reregulation" process resulting from the 1980 Motor Carrier Act in the United States, it is considered that trucking permits have no value and the outstanding values should be written off the financial statements. Many carriers in Atlantic Canada still carry outstanding amounts for acquisition of licenses, included in their financial statements as intangible assets [5]. As a consequence of the substantial number of new permits being granted each year the value of such intangible assets related to the acquisition of permits for existing carriers is steadily declining.

CHAPTER 6

EFFECTS OF SUBSIDIES UNDER THE ATLANTIC REGION FREIGHT ASSISTANCE ACT

A unique aspect of the economic and regulatory environment of the for-hire trucking industry in the Atlantic provinces is the program of subsidy payments to truckers operating in the region. This subsidy program is administered by the Traffic and Tariffs Branch of the Canadian Transport Commission under the authority of the Atlantic Region Freight Assistance Act (ARFAA).

This chapter is based upon the results of the examination of the subsidy program which is included as Appendix B of this study and the observations on the subsidy program contained in the papers on trucking in Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.

General Summary and Conclusions re: Subsidies as Developed in Appendix B

The rationale and causes leading to the Atlantic Provinces Freight Assistance Act stem from the failure of the rate compensation pursuant to the Maritime Freight Rates Act to attain its anticipated beneficial goal. The evolvement of motor truck transport, first, outside the Select Territory and subsequently within, rendered the railways the less competitive mode for the shorter hauls. But for the reduced level of rates to points outside the region, where the incidence of motor truck competition had become more pervasive, the competitive posture of Maritime Shippers could have been constrained much more.

Even though the railways could reduce rates to meet "new industrial or traffic conditions" and still receive compensation, the amounts were insufficient to cope with the inherent advantage of motor transport. Indeed, the situation within the region gave rise to repeated complaints from the motor carrier industry against subsidized rail competition. Yet, the motor industry grew inexorably but probably not as rapidly within the area as it otherwise would have if the competitive rail rates were not receiving compensation for reduced rate levels.

Notwithstanding the MacPherson Commission's proposal to cancel the intra-territorial compensation of the M.F.R.A. and extend assistance to other modes westbound, there was a strong consensus that the economic enclave concept for the relatively lower historical rail rate structuring in the Maritimes made good sense.

Basically, the compensation factor is to make up for the difference between the rates that would otherwise apply and what the shipper actually pays, in carrying out the policy of affording "the Maritime merchants, traders and manufacturers the larger markets of the whole Canadian people". However, it became evident that with the advent of motor transport, assistance was necessary not only to complement the compensation differentials but also to include other modes into the program. At the same time, it was obvious that the need for general application of compensation, for the lower level of rates that would otherwise apply in the Maritimes, had, in some cases, become obsolete. A change in approach was required

consistent with the economic enclave concept and the extension of assistance to other modes. The Atlantic Premiers' policy paper recognized this fact and indicated agreement to modification in the application of the Act on a selective basis for intra-territorial movements, subject to appropriate safeguards and conjoint federal - provincial administration.

The Atlantic Region Freight Assistance Act was the upshot of the deliberations and consultations of several years. It became effective on July 15, 1969.

Certified "for-hire" carriers became eligible for westbound assistance on that date. Gradually, by various orders-in-council, in the ensuing years, there was a phasing out of the blanket intra assistance and the introduction of commodity selectivity started, first on westbound shipments by rail and truck modes with an increase in assistance of the select territory portion by 20% over the rail compensation level of 30%. The increment was made over the rail compensation level of 30%. The increment was made applicable to both rail and truck movements effective April 15, 1974.

The last key Order-in-Council became effective on September 1, 1978 and the blanket intra assistance was phased out in two stages terminating in August 31, 1980. This Order-in-Council also extended the assistance to intra movements by railway express and certified water, truck and air transporters on a selective commodity basis.

The certification of claims for assistance has made available raw statistical material on the movement of commodities by truckers within and from the select territory that is not obtainable anywhere else in Canada - even allowing for exceptions and exclusions. (The assistance is not applicable to inbound shipments to Atlantic Canada and traffic to and from the United States. There are other exceptions where assistance would not be compatible with the purport of the underlying principle or the assistance would be inconsequential such as import wharf traffic).

As stated in Appendix B, it is quite ironic that in the regular basic assistance category on westbound movements from the Atlantic Provinces "Household goods, second hand, (used)" substantially led the list in assistance payments. Moreover, the assistance program as applied to truckers for westbound movements is inconsequential as mollifier of distance. In fact, its value in that regard will become insignificant as costs escalate for the longer truck hauls.

The basic price structuring of the Atlantic area is becoming less favourable to trucking equipment with full loads for the longer hauls from and to the select territory in relation to railway piggy-back.

Some specific ancillary charges assessed by truckers qualify for assistance payments under A.R.F.A.A. regulations. It should be noted that shippers by rail should obtain the benefit of similar assistance for such shipments.

While the assistance program was not intended as a rate control measure, it has in effect been functioning as a restraint against the incidence of regulated truckers failing "to honour rate filing" that have become so prevalent outside the Select Territory.

The procedural requirements for assistance has consequently been of benefit to the carriers since it lessens rate undercutting. The shippers in such circumstances are the losers.

From the analysis and inquiries apropos of truck pricing within Select Territory, A.R.F.A.A. is reflected in the rates charged shippers but whether they reflect the assistance to the fullest extent is questionable. A more in-depth and broader probe would be required for a definitive finding.

The instances in recent years of the application of greater truck rate increases for qualified westbound from Atlantic Canada than eastbound is contrary to the basic pricing principle inherent in the structuring of rail rates from Atlantic Canada.

Trucking members of the Quebec Tariff Bureau have become price leaders by filing with the Quebec Transport Commission greater increases westbound than eastbound. This situation is compounded when followed by the Atlantic Provinces Motor Carrier Tariff Bureau for rates between the Atlantic Provinces and Ontario and by the railways for their piggy-back services to and from the same provinces. Furthermore, it has been contended by the truckers that the spread in the rates between P.E.I. and N.S. vis-a-vis N.B. to Quebec and Ontario are inadequate. (An indication that the historical rail rate structure involving large groupings is still effective in mitigating the impact of distance on rates.)

Tests conducted in the United States and Canada indicate that the railway piggyback service is becoming more attractive for the longer haul traffic. The reason is that the intermodal system is more fuel efficient. The Canadian railways, in anticipation of increasing diversions to the system, have been spending millions in new equipment and more efficient terminals. It would appear, therefore, that the resultant increasing intermodality will be more beneficial to the long haul shippers and the assistance program will be more effectively utilized.

Observations re: Subsidies as Developed in Provincial Studies

Chapter 7 of the New Brunswick report provided observations on the trucking subsidy programs [2]. The report states that the amount of subsidy paid under the variety of trucking assistance programs available for New Brunswick domiciled carriers is of considerable magnitude and has been increasing rapidly through time, from $8,620,000 in 1977-78 to $14,027,000 in 1979-80. The report states that there is a need for detailed study of the programs to determine their effectiveness so as to obtain the greatest possible benefits from the dollars expended.

The report states that the trucking subsidy programs are important to the New Brunswick domiciled trucking industry, making the difference

between a profit and loss for Class I and Class III carriers in 1977, and that any changes in the programs must take into account the impacts this industry.

The report also states that the intraselect territory programs absorb most of the subsidy dollars in New Brunswick. For example, in 1979-80 the Atlantic Region Special Selective and Provisional Assistance payments amounted to $8,924,000 as compared with the total assistance payments of $14,027,000.

The report suggests a possible change to the ARFAA program, namely, the merit of excluding used furniture as a commodity eligible for regular westbound assistance from New Brunswick is questionable.

Chapter 7 of the Prince Edward Island report provided observations on the trucking subsidy programs [3]. Again as in the New Brunswick study, the report states that the amount of the subsidy paid under the variety of trucking assistance programs available to Prince Edward Island domiciled carriers is of considerable magnitude and increasing steadily, from $818,400 in 1977-78 to $955,300 in 1979-80. The report suggests that there is a need for a detailed study of the program to determine their effectiveness so as to get the greatest possible benefit from the dollars expended.

The report also states that for Class II domiciled firms, the subsidy payments spelled the difference between a profit and a loss in 1978.

Again as for New Brunswick, most of the assistance paid is for movements within the select territory. For example, in 1979-80 the Atlantic Provinces Special Selective and Provisional Assistance payments amounted to $686,200 as compared with the total assistance payments of $955,300.

The report provides an analysis of specific commodity groups and commodities and concludes that there are weaknesses in the existing program which merit further study. One observation is that the inclusion of household goods and waste and scrap materials in a subsidy program is questionable.

Chapter 5 of the Newfoundland study [4] provides some background data on subsidy payments. The report states that the intra select territory subsidy programs absorb most of the subsidy payments to Newfoundland domiciled carriers the same as in the other Atlantic Provinces. For example, in 1979-80, the Atlantic Region Special Selective and Provisional Assistance payments amounted to $2,235,000 as compared with the total assistance payments of $3,036,000.

While the importance of the subsidy program on profitability data is not provided in the Newfoundland report, it can be stated that the subsidy payments are as relatively important to the profit position of Newfoundland domiciled carriers as in the case of the other Atlantic Provinces.

The Nova Scotia study [1] concludes that "on the interprovincial level it would appear that subsidies have contributed to an increase in the trucking industry. This is due to the fact that shippers of various

products in Nova Scotia have been able to be more competitive in the major central markets of Ontario and Quebec. In addition, for certain goods the subsidies have enabled Nova Scotia firms to penetrate markets normally served by Quebec."

Consolidated Comparative Atlantic Region Subsidy Payments

Table 6-1 shows the consolidated Atlantic Region Subsidy payments made to the trucking industry in the Atlantic Provinces from 1969 to 1980.

Table 6-1 Consolidated Atlantic Region Subsidy Payments to Trucking Industry 1969 to 1980 [31]

	Westbound		Intra			
Years	Basic	Selective	Basic	Selective	Provisional	Total
1969-70	$0.8					$0.8
1970-71	1.4					1.4
1971-72	1.6		$5.4			7.0
1972-73	2.1		9.3			11.4
1973-74	2.8		13.2			16.0
1974-75	3.8	$0.7	16.1			20.6
1975-76	3.7	1.1	17.1			21.9
1976-77	4.7	1.4	18.9			25.0
1977-78	5.0	1.5	21.5			28.0
1978-79	7.1	2.4	19.5	$6.2		36.3
1979-80	7.5	2.6	0.9	23.0	$3.7	37.7
Calendar 1980	8.1	2.6	0.2	27.7	0.5	39.1

Table 6-1 shows two significant factors. First, there has been a very substantial growth in subsidy payments made to the trucking industry in Atlantic Canada since 1969, and second, the Intra Selective payments largely overwhelm the westbound payments.

For comparative purposes, Table 6-2 shows the consolidated Atlantic Region Subsidy payments made to the trucking industry and to the railways from 1969 to 1980.

Table 6-2 Comparative Truck versus Rail Consolidated Atlantic Region Subsidy Payments 1970 to 1980 [31]

(in millions)

Years	Truckers Westbound	Truckers Intra	Truckers Total	Rail Westbound	Rail Intra	Rail Total
1970-71	$ 1.4		$ 1.4	$N.A.	$N.A.	$14.0
1971-72	1.6	$ 5.4	7.0	N.A.	N.A.	13.1
1972-73	2.1	9.3	11.4	5.4	7.6	13.0
1973-74	2.8	13.2	16.0	5.9	8.1	14.0
1974-75	4.5	16.1	20.6	7.0	9.0	16.0
1975-76	4.8	17.1	21.9	8.8	9.0	17.8
1976-77	6.1	18.9	25.0	9.3	9.9	19.2
1977-78	6.5	21.5	28.0	8.4	9.5	17.9
1978-79	9.5	25.7	36.3	10.9	9.4	20.3
1979-80	10.1	27.6	37.7	14.6	8.0	22.6
Calendar 1980	10.7	28.4	39.1	13.8	7.9	21.7

Table 6-2 shows two significant factors. First, whereas in 1972-73 subsidy payments to truckers were slightly less than for railways, by 1980 subsidy payments to truckers were close to double those paid to the railways. Second, the truckers growth in payments over rail were for growth in Selective Intra movements.

General Observations re: Subsidy Payments

It is clear that subsidy payments made to the trucking industry under the Atlantic Region Freight Assistance Act have grown very substantially since 1969, especially for Selective Intra movements, and at a rate greater than for railways. What is not clear due to the lack of availability of good data, however, is whether such payments are effective so as to produce the greatest possible benefit to the stimulation of the movement of goods for the dollars expended. A much more detailed study would be required to answer this question, focusing on specific commodities and markets.

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APPENDICES

APPENDIX A

MOTOR CARRIER TARIFF BUREAUX SERVING ATLANTIC CANADA

APPENDIX A

There are four Tariff Bureaux serving carriers in Atlantic Canada with tariffs within Atlantic Canada and to and from Atlantic Canada and neighbouring contiguous areas. For traffic beyond these contiguous areas, traffic is interlined through other tariff bureaux in Canada.

A. Atlantic Provinces Motor Carrier Tariff Bureau Ltd.
55 Main Street West, Saint John, N.B. E2M 3N2

Article II of the By-Laws of the Bureau provides the objects of the Bureau as follows:

"1. To carry on throughout Canada without profit the service of a Tariff Bureau or Bureaux for such licensed public commercial highway freight carriers or other public carriers of merchandise for remuneration, as subscribe to its service and pay its fees and as part of its service, but not so as to limit the scope of its service, to compute, compile and publish tariffs of rates in accordance with the instructions of its members;

2. To maintain a Tariff Library or Libraries for the general benefit of its members;

3. To advise road transport members as to rates, charges and regulations of other than road transport;

4. To employ accountants and others to investigate and report upon the records of members (if authorized by contract so to do);

5. To assist in the correct application of their classification of freight, rates and charges;

6. To provide assistance to its subscribers on the interpretation of the rules and regulations pertaining to rates;

7. To act as Attorneys for its members in the filing of Tariffs with Governmental bodies in those Provinces of Canada where such filing is by legislation compulsory and to represent such members before such Governmental bodies, if so instructed, and to report systematic violations of rates and charges to such Governmental bodies if empowered by contract so to do;

8. To hold meetings of its members to deal with rates, charges and tariffs generally and to form advisory committees of its members to report upon matters of interest to its members."

Article IV of the By-Laws of the Bureau provides for participation in tariffs as follows:

"1. Carriers operating within the territory for which the Bureau publishes rates must become members of the Bureau in order to have rates published for their account. All other carriers may become members of the Bureau but need not do so in order to subscribe and participate in joint rates. Any member wishing to file a rate at variance with Bureau Tariffs, may file such rates independently through the Bureau. All members in the Bureau Tariffs, whether members or not, shall, where required by a Regulatory Board, execute an agreement designating the Bureau as the applicant's agent and Attorney for the purpose of rates and tariffs and shall execute a Power of Attorney authorizing the Bureau to act as the Applicant's Attorney in the publication and filing of said rates and tariffs as required by such Board;

2. The Bureau as agent of subscribers in its tariffs will compile and publish all Bureau Tariffs. Individual or independent tariffs of its members may be filed by the Bureau. Bureau Tariffs will be compiled and published at the expense of the Bureau and copies thereof will be distributed and sold at such prices as shall be fixed by the General Manager in accordance with the Resolution of the Board of Directors."

The Bureau issues seven separate tariffs, as follows:

Tariff 4000 — Freight All Kinds, Class & Commodity Tariff between localities in the Province of Ontario and the Atlantic Provinces, with the following participating carriers:
- D'Anjou Transport Inc.
- Day & Ross Ltd.
- Jumbo Motor Express Ltd.
- Midland Transport Ltd.
- Smith Transport - C P Transport
- Speedway Express Ltd.

Tariff 5000B — Freight All Kinds, Commodity and Named Account Tariff applicable between all localities in the Provinces of New Brunswick, Nova Scotia and Prince Edward Island, with the following participating carriers;
- G. M. Armour & Son Ltd.
- Atlantic Transport Ltd.
- D'Anjou Transport Inc.
- Day & Ross Ltd.
- Diamonds Transfer Ltd.
- Drurys Transfer Ltd.
- Elroy's Transport Ltd.
- Howards Transfer Ltd.
- Humphrey's Transfer Ltd.
- I. & H. Transfer Ltd.
- M & D Transfer Ltd.
- Keith MacKinnon Transport Ltd.
- McKay's Transport Ltd.
- Midland Transport Ltd.
- Moffatt Bros. Moving & Storage Ltd.

- Smith Transport - C. P. Transport
- Speedway Express Ltd.
- Thompson's Transfer Co. Ltd.

Tariff 6000 — Class, F.A.K. & Commodity Tariff between localities in the Province of Newfoundland, New Brunswick, Nova Scotia and Prince Edward Island, with the following participating carriers:
- Day & Ross Ltd.
- Moffatt Bros. Moving & Storage Ltd.

Tariff 7000A — Freight All Kinds & Commodity Tariff between localities situated in the Province of Newfoundland, with the following participating carriers:
- Day & Ross (Nfld.) Ltd.
- Moffatt Bros. Moving & Storage Ltd.
- Newfoundland Transport Ltd.
- Southern Freight Services Ltd.

Tariff 8000 — Freight All Kinds, Class & Commodity Tariff between localities in the Provinces of Ontario and Newfoundland, with the following participating carriers:
- Day & Ross Ltd.
- Speedway Express Ltd.

Tariff 8020 — Exempt Commodity Tariff from localities in the Province of Newfoundland to localities in the U.S.A., with the following participating carriers:
- Day & Ross Ltd.
- Moffatt Bros. Moving & Storage Ltd.

Tariff C.P.T.2 — Bulk Commodity Tariff applicable between localities in the Province of New Brunswick, with the following participating carriers:
- M & D Transfer Ltd.
- Smith Transport - C. P. Transport
- G. M. Armour & Son Ltd.

There are many carriers operating in Atlantic Canada who are not members of the tariff bureau. Maritime-Ontario is the principal one in respect of general freight carriers operating between Ontario and Atlantic Canada. Specialized carriers such as Provost also are not members and there are some contract carriers. In addition most small intraprovincial companies are not members.

B. Quebec Tariff Bureau Inc.
1259 Berri St., Montreal, P.Q.

The Quebec Tariff Bureau has existed for fifteen years in its present form, now having 280 shareholders of whom 230 are participating carriers. The Bureau publishes 18 tariffs that apply in Quebec and between Quebec and twelve American States. In addition they publish one tariff that applies between Quebec and the Atlantic Provinces.

Tariff 120A — Class and Commodity rates between Quebec and the Atlantic Provinces, with the following participating carriers:

- Day & Ross Ltd.
- D'Anjou Transport Inc.
- C. P. Transport - Smith Transport
- Midland Transport Ltd.
- Speedway Express Ltd.
- Cabano Transport
- Transport Letarte

There are some specialty and contract carriers operating between Quebec and Atlantic Canada that are not members of the Quebec Tariff Bureau.

C. New England Motor Rate Bureau, Inc.
14 New England Executive Park
Burlington, Mass. 01803

The New England Motor Rate Bureau publishes Class and Commodity Rates between New England, Connecticut, Massachusetts, New Hampshire, Rhode Island, and Vermont on the one hand and New Brunswick, Nova Scotia and Prince Edward Island on the other hand, with the following particpating carriers:

- Quinn Freight Lines
- Coles Express
- Sanborns Motor Express
- Midland Transport

D. The Middle Atlantic Conference
P.O. Box 397, Riverdale, Maryland 20840

The Middle Atlantic Conference publishes Class and Commodity Rates between Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania, Virginia and West Virginia on the one hand and New Brunswick, Nova Scotia and Prince Edward Island on the other hand, with the following participating carriers:

- Quinn Freight Lines
- Coles Express
- Sanborns Motor Express
- Midland Transport

There are a number of specialty carriers hauling fish southbound and fruits and vegetables northbound to and from the United States and Atlantic Canada who are not members of a tariff bureau. In a large measure these carriers haul exempt commodities within the United States and their rates are not filed with the I.C.C. Such carriers file rates independently with the Maritime Provinces regulatory boards although from time to time associations of up to five carriers band together for the filing procedures.

Tariff Bureaux Serving Beyond Points

The above mentioned four tariff bureaux have tariffs for use to and from specific points as noted for Atlantic Province movements. There is a considerable volume of traffic for points beyond the territory of the four

tariff bureaux, originating or terminating in Atlantic Canada. Such traffic moves on a combination of rates of two or more tariff bureaux.

The Canadian Transport Tariff Bureau Association is located in Toronto, Ontario and is the largest tariff bureau in Canada. There are three principal territories covered, intra-Ontario, Ontario-Quebec and East-West.

Traffic moving, for example from Halifax to Winnipeg could move on a combination consisting of the rate from Halifax to Toronto in the Atlantic Provinces Motor Carrier Tariff Bureau tariff and the rate from Toronto to Winnipeg in the Canadian Transport Tariff Bureau tariff.

The Niagara Frontier Tariff Bureau Inc. is located in Buffalo, New York. One of its areas served is traffic between Ontario and Quebec and United States points through the Buffalo and Detroit gateways. Rates from Halifax to Buffalo could move on a combination consisting of the rate from Halifax to Toronto in the Atlantic Provinces Motor Carrier Tariff Bureau tariff and the rate from Toronto to Buffalo in the Niagara Frontier Tariff Bureau tariff.

APPENDIX B

THE ATLANTIC REGION FREIGHT ASSISTANCE ACT AND THE TRUCKING INDUSTRY

Prepared by: R. H. Matheson

1. The Findings and Recommendations of the MacPherson Royal Commission on Transportation

For more than 28 years prior to 1961, truckers in the Maritimes have protested that the preferred position the railways enjoyed under the Maritime Freight Rates Act(1) was a deterrent to the development of a more thriving industry to serve persons and industries in the so-called "select territory".

Briefly, the Maritime Freight Rates Act provided for compensation to the railways for the difference between the so-called normal rates and the rates paid by shippers in the amount of

20% on intra territorial shipments including exports overseas and

30% of the select territory portion of the outbound rates to points in Canada outside thereof;

the select territory embracing the Atlantic Provinces and that part of Québec to Diamond Junction and Lévis.

In its 1961 Report (Volume II) the MacPherson Commission recommended that the provisions of the M.F.R.A. be made to apply to any properly licensed common carrier, it also advocated the termination of the 20% compensation factor on the movements of goods within the select territory except for Newfoundland. In doing so, the Commission took the position that "the development of the trucking industry in the Provinces of Nova Scotia, New Brunswick and Prince Edward Island has, now, in spite of the handicap progressed to the point where the withdrawal of the subvention on intra-Maritime shipments will, in general, bring rail rates to a level which is favourable to the encouragement of traffic".(2)

While the MacPherson Commission did not specifically so state in its discussion on the consideration of special assistance in transportation as an instrument of national policy to overcome the adverse effects of longer distance to major markets from Atlantic Canada, it is a reasonable assumption that it envisaged part of the intra-Atlantic compensation, made available by its recommendation, could conceivably be used in facilitating traffic movement westbound.

In any event, it is notable that the Commission took very little cognizance, if any, of intra inbound rates on raw materials to points of processing in Atlantic Canada; such rates constituted an important item in the total through cost of westbound shipments. Let us call it the input transportation factor on inbound materials for milling in-transit or manufacturing or for agriculture production applicable, for example, on pulpwood or pulpwood chips, logwood, fertilizers, etc. Some of those rates could be classified as "gathering rates".

Prior to July 1, 1927, when the C.N.R. cancelled inbound rates on pulpwood from origins to mills in New Brunswick, its action was evidently directed towards augmenting the returns on relatively low inbound rate factors. If that was the case, then what is the situation today?

In the cost oriented milieu stemming from the compensatory rate clause of the Railway Act (S 276) low inbound raw material rates become more marginal and vulnerable under inflationary cost increases. Competition in the market place can be minimal as regards such factors as through rates.

There is no doubt, however, that the intra blanket compensation factor of 20% on all commodities under the changed competitive conditions that emerged after 1927 redounded to the benefit of the railways in the cases where the reductions were implemented to meet the competition from other modes. There can be no doubt that this subsidized competition had a restraining impact on the full development potential of motor carriers. Moreover, the fact that legislation regulating motor carriers was not passed by the Provinces of New Brunswick until 1956 and Nova Scotia and Prince Edward Island until 1958 tends to indicate that the universe of trucking had not reached the scale where the provincial governments considered regulatory measures necessary.

Notwithstanding the MacPherson Commission's recommendation to cancel the intra territorial compensation of the M.F.R.A., the economic enclave concept inherent in the relatively lower historical rail rate structuring in the Maritimes made good sense. It not only discounted the effects of relatively high costs over some segments of the right of way, but also aided development by keeping the intra-regional exchange of commodities at levels consistent with the recognized purpose and intent of the railway in the first place. As James J. McRae states: "The first way in which Maritime value added can be increased is to make the intra-regional exchange of products within the Maritimes as costless as possible. Thus, the logic of the MacPherson Commission in suggesting termination of the inter-regional subsidy, would appear to be quite wrong".(3)

2. The Upshot of Recommendations and Demands for Augmenting and Re-Allocating Payments for Statutory Rates

It was several years before the broad principles laid down by the MacPherson Commission finally emerged with some modifications in (a) an Act to define and implement a national transportation policy for Canada and to amend the Railway and other Acts involved and to enact consequential provisions (National Transportation Act 1966-67 (Feb. 9/67)) and (b) an Act to authorize assistance to transportation in the Atlantic Region (Atlantic Region Freight Assistance Act 1969 (July 9/69)).

Suffice it to state that the substance of legislation to give effect to, or to treat otherwise, recommended principles of the MacPherson Commission was the subject of representations and discussions with interested groups entailing consultive procedures and commissioned studies before and after the proposed bills were introduced. One could fairly say that some of the enacted measures were far from being unanimously accepted.

The salient part of the National Transportation Act did not become effective until September 1967, and it was wisely considered necessary that before proposing a new Atlantic Provinces transportation policy there should be consultations with the four Atlantic Premiers. The Federal Government had commissioned The Economist Intelligence Unit Limited of London, England, in August 1966 to undertake an Atlantic Provinces Transportation study. The Report was issued in January 1967.

Later a study was initiated under the aegis of the four Atlantic Premiers. The proposals, as collated, were subsequently augmented by consultive procedures before a report was finally presented to them in February 1969. It became their basic policy paper entitled "The Basic Element of an Atlantic Transportation Policy".

One of the underlying principles stressed in that document was the legally entrenched basis for the Maritime Freight Rates Act. Moreover, there were several key findings, observations and recommendations reflecting the position of the four Atlantic Premiers (at the time) in connection with, inter alia, (a) motor carrier enactments and regulations, uniformity, consistency, rate filing, adherence to filed rates, routes, service provisions and (b) the question of intra provincial jurisdiction, payments of assistance, implementation of a new assistance policy, etc.

An important recommendation contained in the study that was acted upon concurrently with the passing of the Atlantic Region Freight Assistance Act on June 26/69 was the formation of the Federal-Provincial Committee on Atlantic Region Transportation (hereinafter referred to as F.P.C.A.R.T.). Its mandate in effect was to review the effectiveness of the compensation under the Maritime Freight Rates Act and the assistance forthcoming under the Atlantic Region Freight Assistance Act, the implications of possible reductions or eliminations thereof, to make recommendations concerning the withdrawal of all or part of the assistance and the allocation of funds released to more productive use.

This Committee issued three reports (apart from specific studies): the first on May 5, 1970, the second on March 8, 1972, and the third on October 30, 1973. Its recommendations were largely accepted in principle and formed the bases for regulatory Orders-in-Council pursuant to the Atlantic Region Freight Assistance Act.

3. The Atlantic Region Freight Assistance Act

(a) Its Purpose and Intent

Much concern has prevailed in Atlantic Canada that any recommended changes in compensation or assistance should be in such a manner that the principle basic to the Maritime Freight Rates Act would not be derogated in any way whatsoever.

Evidently it has not always been made clear that compensation is one thing and assistance is another. The Maritime Freight Rates Act was to provide compensation for the rates in effect in 1926-1927 vis-à-vis an arbitrary across-the-board average that should apply consistent with the findings of the so-called Duncan Commission. The object of the latter commission was "to afford the Maritime merchants, traders and manufacturers the larger markets of the whole Canadian people" instead of the limited economic enclave of the region. This was consistent with the purpose and intent of the railway that was entrusted to the C.N.R. and at the same time provide compensation for the reduced rate levels. In fact, the description of Section 4 of the Atlantic Region Freight Assistance Act pertaining to the increase from 20% to 30% in Maritime Freight Rates Act payments (originally effected on July 1, 1957 related to M.F.R.A.) reads "Reduced rate for compensation".

The extension of the compensation under the Maritime Freight Rates Act to other transport modes would constitute "assistance" with which the word "subsidy" is synonymous.

It was this recognized need to differentiate what constituted compensation as distinct from assistance that accounts in no small measure for the Atlantic Region Freight Assistance Act although a more appropriate title would have been the "Select Territory Freight Assistance Act", inasmuch as the region to which the Act applies, embraces the Atlantic Provinces and that part of Québec south of the St. Lawrence River and east of Highway 23 (connecting Lévis with Route 201 in the State of Maine).

In any event, the Act extended the 30% compensation factor payable on rail rates to "for hire" truckers for the transport of goods out of the Select Territory, as defined in the Act, to points in Canada west thereof; the extension to include also westbound express traffic. While intra rail rates then stood unaffected at their 20% level, the mechanism was provided in the Act for the removal of that subsidy in whole or in part pending study and recommendations on the compensation factor as to its effectiveness, etc. It should be observed that the Act contained procedural measures in relation to changes in the Maritime Freight Rates Act that provided protection against any alterations that could be unacceptable while at the same time acknowledging by statute the 30% reduction for compensation on the westbound movements that had been in effect since July 1, 1957, in lieu of the original 20%.

Sections 5 and 6 of the Act constituted the enabling legislation for changes in assistance within and from the Select Territory.

(b) Federal-Provincial Considerations

The period from the effective date of the A.R.F.A. Act, i.e. July 15, 1969 (4) up until about mid 1980, has been marked by proposals and counter-proposals stemming from recommendations and studies to give effect to the Assistance Act in the light of changing conditions and circumstances.

In the first report of F.P.C.A.R.T., it was recommended that initially the 20% compensation paid to railways for rate reductions within "select territory" be changed to 17½% and concurrently extended to common carrier trucking excluding household effects (underlining inserted), and beginning April 1, 1972, the rate of subsidy be reduced by 2½% until it was eliminated entirely by April 1, 1977.

Other recommendations included (a) the provision of special assistance to enable users to compete on favourable terms where such users experience difficulty as a result of the withdrawal - particularly when the problem is a transport one; (b) the reduction of charges for motor carriers on the P.E.I. and Newfoundland ferries; (c) an amendment to the A.R.F.A. Act to provide the westbound assistance to highway carriers on the same basis as provided to the railways and (d) elimination of the payment of subsidies on the movement of household effects.

In an announcement released on July 10, 1970, by the then Minister of Transport Don Jamieson, it was indicated that the key recommendations of F.P.C.A.R.T. would be implemented.

By Orders-in-Council PC 1970-2014 and PC 1970-2015 (both dated November 17, 1970), although the railway tariff reflecting the change did not become effective until February 6, 1971, the first stage of the withdrawal was effected. It included the elimination of assistance on the intra movement of household effects.

It is interesting to observe that Section 3 (2) of Order-in-Council PC 1970-2015 stipulates "The amount of special assistance in respect of an eligible movement shall be seventeen and one half per cent of the amount of those tolls, rates, charges or allowances charged or made by the trucker that the Commission deems applicable to the eligible movement".* In addition to line haul rates assessed by truckers, the charges eligible for assistance under A.R.F.A. Act include those for:

1. Delivery to fares (exhibition charges)
2. Diversion
3. Escort service

* - Commission refers to Canadian Transport Commission

4. Exclusive use of vehicle
5. Float
6. Fuel surcharge
7. Heating
8. Off-hire
9. Placing containers
10. Refrigerator
11. Special overweight/overlength where those are passed to users
12. Stop-off
13. In general, any charges related to the line haul rates.

The gradual withdrawal of the intra subsidy did not progress as originally proposed by F.P.C.A.R.T., notwithstanding it again recommended in its Report of March 8, 1972, that the next step of an additional 2½% begin on April 1, 1972. (It is difficult to reconcile the timing of this proposal with Canadian Transport Commission Rules and Regulations for the filing of tariffs).

Other recommendations were:

(a) - that transportation assistance equivalent to 17.5% be paid on "potatoes, wood shavings, sawdust and wood waste moving intra-regionally and that serious consideration be given towards paying such assistance directly to the shipper" (underlining inserted), and

(b) - a planned program of constructing all-weather arterial highways should be continued so as to establish a competitive environment for transportation users".

The Honourable Mr. Jamieson, in a speech in the House of Commons on June 6, 1972, referred to further consultations with Atlantic Premiers and at that session he was called upon as Minister of Transport "to state publicly that the principle underlying any new, modern and flexible transportation policy for the Atlantic region should be to lower the costs of marketing products manufactured in the region by de-emphasizing distance". In this connection he stated: I "would like to re-emphasize myself that the underlying principle should be to lower the costs of products manufactured in the region by de-emphasizing distance".(5)

The question of selectivity of commodities to qualify for additional assistance on movements westbound came to the fore on April 1973 when the Honourable Jean Marchand, then Minister of Transport, pressed for a list of commodities that could possibly be eligible for augmented assistance when moving westbound from the Atlantic Region. In July of that year, shippers were asked to submit applications on commodities they produced that they believed would be eligible.

In F.P.C.A.R.T.'s report (October 30, 1973) reference was made to the various studies to assist it in reaching conclusions on various proposals. In the light of its considerations, its principal recommendations were:

(a) - that a selective subsidy of 20% over and above the 30% westbound be made payable on unprocessed agricultural and fishery products as well as on manufactured commodities "for which value added is significant and which are compatible with regional economic growth objectives" and

(b) - that the schedules phase-out of the existing intra-subsidies would be reinstituted commencing "with a reduction of 2½ points to a level of 15% on January 1, 1974";

(c) - that the final phase-out date be postponed from 1 April 1977 to 31 December 1978;

(d) - that only certain specified commodities, as may be augmented, be eligible for assistance after January 1, 1975.

There were other proposed stipulations and conditions within specified time frames. Of significance was a proposal that any savings from the adoption of the package "should be redirected to transportation activity areas having a greater economic impact". (underlining inserted)

On April 9, 1974, Order-in-Council PC 1974-844 (effective April 15, 1974) was passed providing regulations respecting the payment of selective assistance of 20% over and above the regular 30% on a list of commodities for their outward movement from the select territory by licensed truckers, railway or railway express companies. In this order reference is made to tolls, rates, charges or allowances. (underlining inserted) It is also stipulated that no selective assistance is payable in respect of an outward movement having a line haul transportation charge of less than $50. (There have been quite a number of supplementary changes implemented by Order-in-Council since April 15, 1974).

It was not until the 22nd of October 1974 that the next 2½% intra phase-out was authorized by Order-in-Council PC 1974-2352 (for railways) and Order-in-Council PC 1974-2353 (for truckers) effective on December 24, 1974; that is 17½% became 15% (almost a year after F.P.C.A.R.T.'s suggested date).

During the following period, both the Federal and Provincial governments, through the consultative process, agreed in principle on the selective approach in allocating Atlantic transportation assistance to shippers of regionally produced commodities moving within the select

territory. It was originally envisaged in May 1977 that the selective approach would be instituted in late 1977. In fact, an initial step was taken to that end by the "Removal of Reductions in Tariff Order" (Order-in-Council PC 1977-1617, dated 9th June 1977) which would come in force when the Atlantic Region Special Assistance Regulations of November 17, 1970, are revoked. In due course, this method of payment which incidentally was not favoured by some of the principal truckers, precipitated enough of a controversy in the autumn of 1977, that the proposed payment procedure was allowed to elapse.

By November 11, 1977, it was evident that some of the difficulties and requirements to implement the new program were not foreseen. On December 19, 1977, the then Minister of Transport, Otto Lang, announced that the target date for the revised intra-regional program would be April 1, 1978. It was not until June 1, 1978, that Order-in-Council PC 1978-1812 was passed prescribing the new regulations covering a two year phase-out period for the blanket 15% subsidy and the carrying into effect of the selective program commencing on September 1, 1978.

An important underlying notion in the new program was the anticipated releasing of transportation assistance funds for redirection to other needed programs(6).

Of interest also is the fact that the freight rate subsidy program was integrated in the same package with the "Highway Strengthening Program" - to become part of the "Atlantic Provinces Transportation Program".

4. The Emergent Assistance and Expenditures

The Economist Intelligence Unit of London, England, commented on the benefit of payments under the Maritime Freight Rates Act in its 1967 study for the Canadian government as follows:

"the evidence of the subsidy cannot be measured. As a result it is possible for an interested party to make out a case that the Act does this or fails to do that according to the way available evidence is interpreted. (underlining inserted) But it is reasonable to conclude that there are some benefits to the region stemming from the Maritime Freight Rates Act, that such benefits are less today than they once were, and that the Act has also had certain undesirable consequences which were never intended".(7) (underlining inserted)

In any case, there is sufficient grounds for the consensus that shippers were not obtaining the full benefits of the compensation or assistance on traffic moving within the Select Territory, and it was also this observation that justified the findings and recommendation leading to the establishing of selectivity as per Orders-in-Council PC 1974-844 (9 April 1974) and PC 1978-1812 (1 June 1978).

While payments under the M.F.R.A. had not been broken down as between outbound movements from the select territory for rail shipments until 1972/1973, ad hoc determinations were made from time to time. For example, Transport Canada supplied E.I.U. with data that showed a breakdown of payments for the C.N.R. in 1963 of 51% intra and 49% westbound. (7) In 1967, roughly one half of the traffic carried by the C.N.R. within select territory moved on rates issued to meet motor or water carrier competition (8).

The assistance program from 1969 to 1980 is reflected in Tables A to C. These tables cover the period from the effective date of the Atlantic Region Freight Assistance Act up to the termination of the blanket intra assistance concomitant with the substitution of the selective commodity program instituted outbound perforce of Orders-in-Council PC 1974-844 (effective April 15/74) and PC 1978-1815 (effective September 1, 1978 on intra movements).

An analysis of the payments of assistance is approached from full year observations of the outlays predicated on the key regulatory Orders-in-Council. These were effected pursuant to Federal-Provincial recommendations addressed to optimizing the benefits of the assistance dollars. It was hoped that by the revisions in the intra payments something would be left over for redirection into other channels including, conceivably, more assistance on westbound traffic or into the road improvement program.

The following key Orders-in-Council in conjunction with the A.R.F.A. Act are basic to the ensuing observations for representative impact stages.

	Effective Date
(a) Atlantic Region Freight Assistance Act (1967) O/C PC 1969-1483 22 July 1969	July 15/69 - <u>main object</u> - to extend westbound assistance to truckers and subsequently railway express companies
(b) O/C PC 1970-2015 17 November 1970	Intra-compensation or assistance reduced from 20% to 17½%
	Trucks - Effective Oct. 1/70
	Rail - Effective Feb. 5/71

	Effective Date
(c) O/C PC 1973-2632 4 September 1973	Made shipments by "for hire" trucks between points neither of which is on a public highway eligible for assistance
(d) O/C PC 1974-844 9 April 1974	Effective April 15, 1974 - assistance increased by 20% over 30% on a selected list of commodities moving westbound by rail and trucks
(e) O/C PC 1974-2353 22 October 1974	Effective December 27, 1974 - the intra assistance to truckers and rail reduced from 17½% to 15%
(f) O/C PC 1978-1812 1 June 1978	Provided for the phase-out of the 15% intra assistance to truckers and railways in two stages of 7½% commencing September 1, 1978 and Sept. 1, 1979 to terminate with August 31, 1980 and the implementation in lieu thereof of 15% on a select list of commodities commencing on September 1, 1978. (9)

The question arises: What has been the impact of the key Orders-in-Council in terms of assistance as applied to westbound and intra movements from before A.R.F.A. up to and including the calendar year 1980?

Payments to the railways under the Maritime Freight Rates Act were estimated at about 45% westbound and 55% intra (10) prior to the coming into effect of that Act. Tables A to C indicate the patterns that have emerged pursuant to the key Orders-in-Council. The following figures are extracted from Tables A, B, and C.

In millions

Rail only

Calendar year 1969	Westbound	Intra	Total	
	$ 6.6 (e)	$ 8.0 (e)	$14.6	
(e) estimated	(45%)	(55%)		
Fiscal year 1971/72 - Rail				
	Westbound	Intra	Total	% Total
	$ 5.9 (e)	$ 7.2 (e)	$13.1	65
(e) estimated	(45%)	(55%)		
- Truck				
	Westbound	Intra		
	$ 1.6	$ 5.4	$ 7.0	35
	(23%)	(77%)		
Totals: -	$ 7.5	$12.6	$20.1	
	(37%)	(63%)		
Fiscal year 1975/76 - Rail				
	Westbound	Intra	Total	% Total
	$ 8.8	$ 9.0	$17.8	45
	(49%)	(51%)		
- Truck				
	Westbound	Intra		
	$ 4.8	$17.1	$21.9	55
	(22%)	(78%)		
Totals: -	$13.6	$26.1	$39.7	
	(34%)	(66%)		

Calendar Year 1980 - Rail Estimated				
(note: the provisional transitional payments as estimated .9 million is not significantly large relatively)	Westbound	Intra	Total	% Total
	$ 13.8 (64%)	$ 7.9 (36%)	$ 21.7	36
	- Truck			
	Westbound	Intra		
	$ 10.7 (27%)	$ 28.4 (73%)	$ 39.1	64
Totals: -	$ 24.5 (40%)	$ 36.3 (60%)	$ 60.8	

1980 increase, for example, over 1975-76	Westbound	Intra	% Total
	80%	39.1%	53%
For Rail	+ 58%	- 12.2%	+ 22%
For Truck	+ 23%	+ 66.1%	+ 78.5%

What stands out from the above is the extent to which assistance payments to the trucking industry has supplanted the compensation to rail for its reduced rate levels, particularly intra-territorially. Conceivably O/C 1978-1812 of June 1, 1978 will have the effect of reducing the amount of assistance payable within the region in due course. Certainly what has emerged is a "far cry" from the MacPherson's Commission assertion that the withdrawal of the subvention on intra-Maritime shipments will in general bring rail rates to a level which is favourable to the encouragement of traffic (by rail). Instead of the sought for objective of diverting a greater portion of the compensation and assistance to outbound traffic from Atlantic Canada, the reverse has occurred and the figures indicate that the assistance is redounding more to short haul movements where the truck has inherent advantage over rail.

Aside from the increments in compensation and assistance cognisance has to be taken of inflationary influences. The increase over the year 1971-72 to the calendar year 1980 is approximately 202.5%. With 1971 as 100, the index went up to 302.48 for the year 1980. By applying implicit price indexes of the Gross National Expenditure (11) for that period, one obtains $44.7 millions compared to the 1980 calendar year actual of $60.8 millions or a difference of $16.1 millions. This difference of $16.1 millions, as adjusted, vis-à-vis the inflated dollar spread of $44.7 millions would be attributable to the extension

of the assistance and an underestimation of the "phasing-out" of the original blanket compensation arrangement concomitant with the substitution of selective commodities.

5. The 1977 Traffic and Assistance Patterns and Observations Thereon

(a) Regular or Basic and Selective Assistance Westbound

During the summer of 1980, the Traffic and Tariffs Branch took a sample of the 1977 claims covering the payments to truckers that year under the Atlantic Region Freight Assistance Act. It is appreciated that the data to be processed were confined to the material on the claims and consequently the absence of mileage data, unfortunately, limited the greater potential significance of the information for analysis. Yet, notwithstanding its absence and the element of error in the input of claim data, the survey information is of considerable worth in helping to depict the traffic and assistance pattern in respect of westbound (25% sample) and intra (5% sample) movements outbound and within the select territory respectively.

Some hold the view that the trucking rig, generally, has an energy and cost advantage over carload traffic up to a range of 200 and 300 miles (and even greater in the case of some commodities and where a high load ratio is possible in both directions). On the other hand, it is generally conceded that over 200 miles on a point to point train basis the railway is most efficient in costs and energy in carrying loads of 60 to 100 tons per car. (12) Increasing energy costs will tend to shrink the distance advantage range of trucks vis-à-vis rail transport.

The following findings and observations must give due weight to the fact that an important component in the analysis of commodity movements, i.e., miles, is not yet captured in assistance claims.

However, it was not surprising that, on analysing the available data, that the returns indicated that, on the regular assistance basis, the Québec select territory benefited in terms of tons carried and assistance paid in the order of 72% of the total tons outboumd and 57% of the total assistance (emphasis added).

In the select commodity category New Brunswick topped the provinces with 43.8% of the tonnage and 42.6% of the assistance (emphasis inserted).

When the regular and selective assistance tonnages were combined, the Québec segment was first at 45.4% of the total, New Brunswick next at 35.1% and the more distant provinces of origin Nova Scotia, P.E.I. and Newfoundland making up the balance at 19.5%. In terms of assistance paid N.B. led the list with 33.2%, Québec next at 33.0% and Nova Scotia third at 19.8% (emphasis inserted). This latter relationship shows the impact of commodity selectivity programs (See Table D).

Moreover, in terms of tons carried to areas of destination outside the select territory portion of Québec, Ontario and Western Canada, out of the total tonnage moving by truck under the regular assistance to points outside of the select territory, 71.8% of the Canadian total originated in the Québec select territory together with 32.9% of the Canadian total of the selective tonnage.

In the case of New Brunswick it ranked highest in the outbound selective tonnage:

New Brunswick	44%
Québec	33%
Nova Scotia	14%
Prince Edward Island and Newfoundland	9%
	100%

On a combined regular and selective assistance basis in terms of tons outbound the rankings are:

From Québec Select Territory	45%
New Brunswick	35%
Nova Scotia	13%
Prince Edward Island and Newfoundland	7%
	100%

As to assistance westbound from the Select Territory by Provinces, on the regular and selective basis, the percentages paid (1977) are as follows:

From New Brunswick	33.2
Québec Select Territory	33.0
Nova Scotia	19.8
Newfoundland	6.8
Prince Edward Island	7.2
	100%

The analysis shows also that 98% of the tonnage and 96% of the assistance to truckers from Québec Select Territory westbound are in connection with destinations in Québec. In effect then, the Québec outbound assistance, both regular and selective, is in the intra regional category, although the methods of assistance differ.

When 80.5% of the total tonnage and 66% of the total assistance in connection with the 1977 westbound truck movement originated in Québec Select Territory and New Brunswick, it again confirms the obvious that truck assistance benefits the short hauls more; therefore, it is not as effective a de-emphasizer of distance than in the case of rail hauls from Atlantic Canada.

The notable assistance westbound as applied to trucks stands to be less and less a distance mollifier as relatively higher costs occur for the longer truck hauls thus bringing about pressure for higher westbound rates than eastbound related to commodity mix and an unfavourable commodity flow balance westbound vis-à-vis eastbound.

It is not surprising that in connection with traffic moving outbound from the Select Territory in the Regular compensation category the grouping "Lumber or Wood Products, except Furniture" would head the list both in tons and dollars paid. It was surprising though that next in assistance paid in the regular category was "Miscellaneous Freight Shipments". Large components of this group of commodities are "Household Goods, second hand, used; Military personal effects and impediments; Plant or Office equipment used" and a range of other used articles. This group received 29.4% of the total regular assistance notwithstanding the tonnage volume ranked 5th. (Further reference is to be made to this commodity item.) Third in both tonnage and assistance was "Waste or Scrap Material". The remaining "regular" items embrace the whole ambit of the 33 Standard Transportation Commodity Code groups adopted for the analysis. (See Table G)

The "selective" category reflects the overriding policy of applying additional westbound assistance for a chosen list of commodities in industry groups that qualified as being "grown, harvested or subjected to a manufacturing process within the select territory".

The first six groups heading this list in tonnage and assistance are:

1. Food or Kindred Products;
2. Pulp Paper or Allied Products;
3. Lumber or Wood Products, except Furniture;
4. Farm Products;
5. Textile Mill Products;
6. Fresh Fish or other Marine Products. (See Table H)

(Note - shipments of Fresh Fish or other Marine Products to the U.S. rank quite high both in tonnage and value).

When the total regular and selective assistance was combined, the regular assistance on the Miscellaneous Freight Shipments was third at 12.7% of the total outlay with "Food or Kindred Products" ranking first at 25.4% of the total assistance westbound and "Lumber or Wood Products (except Furniture)" second making up 22.2% of the total payments. "Pulp, Paper or Allied Products", although third in weight, was fourth in assistance at 11.7% of the total. (See Table I)

The number of industry groups on the selective basis amounted to 25 and the assistance in that category represented 57% of the total.

(b) Regulated and Unregulated Commodities* - Selective Assistance Intra-Territorial

It is unfortunate that the tonnage in connection with the 5% intra 1977 sampling could not have been developed. However, the amount of assistance paid to the regulated and unregulated truckers for that year gives some idea of the traffic pattern although imperfect in the absence of tonnage, mileage data and a commodity breakdown as in the case of the outbound sampling.

In terms of the intra trade pattern related to assistance as between the provinces in select territory the order emerged as follows:

From and to N.B.	38.8%
From and to N.S.	34.6%
From and to Qué.	12.1%
From and to Nfld.	9.9%
From and to P.E.I.	4.6%

On the basis of payments according to Province of origin the percentages are:

	Regulated	Unregulated	Regulated & Unregulated
N.B.	42.2	33.0	38.7%
N.S.	34.2	32.1	33.4%
Qué.* (Select Territory)	4.6	27.6*	13.5%
Nfld.	15.7	6.5	12.1%
P.E.I.	3.2	0.8	2.2%

* The commodity exemptions from regulations are greater in the Atlantic provinces than in Québec. Differences in exemptions, where not picked up through payments to regulated carriers, result in disproportions in the assistance.

One thing stemming from the analysis is that the results of the sampling of the outbound and intra assistance in terms of outlay for the year 1977 do not differ all that much from the (in between) fiscal years 1976/77 and 1977/78, viz.:

	Basic & Selective Westbound	Intra-Regulated & Unregulated	Total
Sampling calculations	$5.7 millions % of total 22.0%	$20.3 millions % of total 78%	$26 millions
Actual 1976/77	$6.1 millions % of total 24%	$18.9 millions % of total 76%	$25 millions
Actual 1977/78	$6.5 millions % of total 23%	$21.5 millions % of total 77%	$28 millions

Note: See Table A.

A perusal of the principal commodities transported intra-provincially indicates that some of the items eligible in 1977 are now (1981) excluded in accordance with O/C PC 1978-1812, e.g. gasoline, distillate fuel oil, petroleum residual oil, beer and soft drinks.

6. Differential Impact of Assistance on Provinces in the Select Territory Westbound from the Select Territory

As mentioned previously, the analysis of the computer data of C.T.C.'s sampling of 1977 westbound truck claims indicated that in the regular or basic rate assistance category the Québec select territory benefited more the Atlantic Provinces. On the other hand, on the selective basis New Brunswick led in terms of both tons and assistance, while the more distant provinces of Nova Scotia, P.E.I. and Newfoundland benefited substantially less. The assistance to trucks, therefore, has been of relatively less consequence in the de-emphasizing of distance.

The availability of more specific information would be quite beneficial in evaluating assistance as applied to particular commodities, allowing for relative amounts of originating tonnages, mileages hauled, transit times and all other related factors. Obviously, mere comparisons of the tons moved and assistance paid have limited analytical value.

Value, time in transit, demand, competition from other sources closer to the market, etc., exert considerable influences whether a particular commodity can become more competitive in a relatively distant market.

Truck rates and consequently assistance outlays are more distance related in terms of costs than rail, particularly in relation to points in Atlantic Canada from and to which rail rates are basically predicated on large groupings or zones. This actuality mirrors the greater benefits of assistance that accrue to the select territory segment of Québec and New Brunswick.

7. Assistance in Relation to Economic Regulation

(a) Apparent Restraining Influence of Claims Procedure

In the Select Territory Québec and Newfoundland are two of the Canadian Provinces that have the authority to fix rates within and extra territorially. In the case of New Brunswick, Nova Scotia and Prince Edward Island the mere filing of tariffs in effect imparts legality; although the Nova Scotia Motor Act provides that such rates are "deemed to be legally in effect" from the effective date of the tariff.

The C.T.C. assistance regulations require that eligible truckers must file their tariffs with the Commission. And as to amendments, etc., supplements or re-issues, it is laid down that amendments must be filed not later than ten (10) days after the effective dates.

For amendments or changes in tariffs filed with the Provinces of New Brunswick, Nova Scotia and Prince Edward Island, the regulated truckers are allowed fifteen (15) days from the effective date.

In Newfoundland, on the other hand, "any variation in rates is subject to previous approval by the Board". Since the Board has very wide powers it could, in practice, exercise leniency in some cases under changing conditions. However, any increases resulting from reductions in the Federal Assistance Program are exempt from the applicable procedural requirements.

In the study - "The Institutional Framework of the Canadian Trucking Industry" pertaining to "Policy and Practice" of the regulatory bodies in the matter of rates, it was observed that the subsidy program stemming from the Atlantic Region Freight Assistance Act is an incentive for truckers to follow filed rates in the Provinces of P.E.I., N.S. and N.B. (13)

In effect then the assistance program has been functioning as a measure of control against the incidence of illegal trucking and the failure of honouring rate filings that have become "of epidemic proportions in the provinces of Québec and Ontario." (14)

Notwithstanding the controversy that has arisen over the question of the impact of regulation on rate structuring, it is patent that if it is ineffective, then any comparative analysis of filed rates by whatever analytical procedure (including the questionable results of econometric modelling of available material) cannot possibly have any probative value. But if it is necessary to verify a filed rate or a charge before assistance is payable under the Atlantic Region Freight Assistance Act, then the incentive is there for carriers to adhere to the filed rates or charges. Therefore, a trucker may adjust rates to meet changing traffic conditions and circumstances and still qualify for assistance provided the amended rate is filed within 10 days of the effective date.

Since the assistance program has a restraining effect on rates charged, the certified carriers apparently benefit more than the shippers. Such carriers have the added protection of reimbursements, protecting them against gypsy and illegal truckers.

As to systematic rate violations by members of rate bureaux, particularly in respect of rates on traffic to and from points outside the Select Territory, the A.R.F.A. Act actually operates as a deterrent against deviations from filed rates.

The incidence of A.R.F.A. assistance redounding to the advantage of the carriers under extant conditions is addressed further in this study.

(b) In Relation to Operating Ratios

Canadian railways welcomed the National Transportation Act (1966-1967) that in effect made competition the governing criterion in economic regulations in Canada. Unlike in the United States from 1935 until their so-called deregulatory legislation of 1980, Canada's regulation of "for hire" truckers has been a potpourri of provincial measures ranging from the minimum of constraints as in Alberta to the relatively comprehensive regulatory régime of Québec. (15)

The situation of the trucking industry in Canada today - confronted as it is by inroads on traffic from illegal operators, leasing, non-adherence to filed rates and private trucking - parallels the predicament of the regulated railways from the time commercial truckers proved to be a more efficient and suitable mode of transport within shorter parameters and where shippers' demands could be satisfied more advantageously than by the railways.

Paradoxically, established common and contract truckers, as in the case of the railways during the incipient stages of truck development, are now in a state of uncertainty and undoubtedly would prefer more regulation or a more rigid enforcement of existing statutes. The energy situation and the current attitude towards less governmental regulations add tc this concern.

The A.R.F.A. program has undoubtedly benefited the trucking industry serving the select Atlantic Territory. That is has substantially improved its inherently advantageous posture with the railways on the shorter hauls there is no question. The payments under the Atlantic Region Freight Assistance Act are ample proof in that regard.

Average operating ratios per se cannot be interpreted with certainty, one cannot categorically conclude that any better-than-Canadian-averages for truckers servicing the Atlantic Provinces reflect the assistance program. If it did, one could reasonably infer that the carriers were benefiting from revenues higher than otherwise would obtain (that is, without the assistance) and at the same time render necessary services. Indeed, back in 1973, many felt that the truckers were the principal beneficiaries of the assistance and consequently payments should be made directly to the shippers rather than to the carriers in order to attain "more equitable treatment to and lower rates for shippers in Atlantic Canada." The trucking industry was strongly opposed to the suggestion. Indeed, one of the largest carriers in justification for payments directly to them took the position that:

"Part of the money received under the Atlantic Region Freight Assistance Act is used by the transportation industry to maintain terminals, claims departments, communication systems and warehouses - expenditures that satisfy a public demand. These facilities allow the public to ship a parcel or a 500-lb. shipment in a reasonable length of time from one point to another. (16) (underlining inserted).

Apart from the larger carriers who process their own reimbursement claims, there is a total of about 140 agents retained by eligible carriers to prepare and file their claims. Their commissions are said to range between 10 and 30% of the amount approved for payment by C.T.C.

8. Rates to and from Atlantic Canada

Two of the foremost questions raised regarding the assistance program are (a) would shippers in Atlantic Canada obtain the trucking services they do now at rates close to the assisted level paid by shippers in the existing competitive environment, assuming assistance did not exist intra-provincially and did not apply in respect of rail rates established to meet truck or water competition? and (b) whether or not shippers in Select Territory are obtaining the optimum benefits in rate reductions stemming from the assistance paid to carriers under the A.R.F.A. Act?

The MacPherson Royal Commission in effect answered the first question in the affirmative. As stated previously, that Commission recommended against any intra-territorial compensation or assistance whatsoever. Its

obsession with competition in the transport market place as the panacea to Canada's transportation problem evidently blinded it to the economic enclave concept basic to trade in Atlantic Canada.

The assisted rate structure that has emerged for trucking services within and outbound from Atlantic Canada cannot be evaluated in isolation. One is confronted with the question, how did the extant structure come into being in the first place? A better understanding is obtained by isolating the compensated structuring under the Maritime Freight Rates Act.

In the case of the railroads under the Maritime Freight Rates Act, the so-called "normal rates" constitute a comparative bench mark. Originally, some of the normal rate guidelines were the effective rate scales in the territory now outside the Select Territory. Moreover, the inbound rates constituted the norms for the outbound factor subject to grouping allowances, adjustments and extensions. As new traffic, industrial and other conditions developed, including basic structuring stemming from rate equalization outside the Select Territory, new norms were established, but the underlying consistency was that, with some exceptions, the so-called normal rates within and their structural base both eastbound and westbound to and from the select territory were relatively the same, save for the impact of the different rate groups embedded in the structure before and extended with the application of the Maritime Freight Rates Act.

Differences in traffic consist eastbound vis-à-vis westbound and any imbalances in traffic flow had nothing to do with the bases then or now. That is to say, the traffic eastbound which consisted of tertiary or finished products, resulted in higher homogeneous unit returns than did the primary or semi-finished products westbound, where the balance of traffic was more favourable eastbound.

(a) Intra-Territorial (Select Territory)

At one time rate comparisons predicated on published and filed rates would give one a rough idea of the current rate structuring in a territory. If the distributing class or commodity scales or bases in one territory were less than in another, then one could reasonably conclude that this relationship would generally be reflected in specific commodity pricing.

When the commercial motor vehicle emerged as an efficient mode of transport with inherent advantages over rail, the trucker adopted the railways' rate structure as a base from which to price his service. If the territorial base was low, as in the case of the select territory pursuant to the M.F.R. Act, this was reflected in the truckers' tolls.

As highways were improved and commercial motor vehicles became more efficient, that mode attracted an increasing portion of the highest paying traffic from the rail and made substantial inroads under other favourable conditions on traffic considered more suitable to rail. The rail strike of 1950 gave a tremendous impetus to diversions from rail to truck.

Therefore, comparison of different tariff rates in Atlantic Canada today vis-à-vis similar rates in central Canada for corresponding distances in that area's highly competitive milieu are not indicative of actual specific rates. Due weight has to be given in any assessment to all available factors associated with specific movements in various categories.

Notwithstanding, the reimbursements to railways under the M.F.R. Act in respect of competitive rates in the Maritimes which were to meet motor truck or water competition leads to the conclusion that motor transport in the Maritimes was a potent competitive force and exploited its inherent advantages that railways could not match in spite of their subsidized competitive rate pricing. The trucking industry alleged, however, that while the subsidized roll back of rate increases, other than competitive, effected on August 1, 1959 and lasting in the select territory until April 6, 1970, had a considerable adverse effect on the industry's development.

Suffice it to state that from preliminary analyses and enquiries, one can reasonably conclude that the rates within select territory do reflect the A.R.F.A. assistance. But whether they do to the optimum degree of benefit to the shippers intra-provincially is questionable, except perhaps in the case of negotiated rates in the unregulated category. The returns for the shorter hauls would suggest that (a) some truckers are also the beneficiaries, and (b) assistance to household carriers is not necessary.

(b) Inter-regional (Between Select Territory and Parts of Canada outside thereof)

Back in 1967, the E.I.U. in its Report states: -

"The transport policy embodied in the Bill (N.T.A.) lays stress upon the use of the forces of competition as the means for effecting the optimum allocation of transport resources. Under increasing competition, the price of transport services should increasingly reflect the cost of providing these services. Under these conditions, the cost of the long haul to and from the Atlantic Provinces should be reflected in the rate structure; this is a reversal of previous government policy which has been aimed at reducing the effect of distance in Atlantic rates". (17)

That observation antedated the energy crisis and the continuing high inflationary rate of recent years with the resultant spiralling increases.

When the M.F.R. Act was implemented on July 1, 1927, one of the distance mollifiers was the reduction of the Maritimes' seven groups or zones to four. (18)

One cannot emphasize too strongly that, considering the basic structuring of the Atlantic region into large rate groups or zones and the historical incidence of lower rates westbound than eastbound, one of the underlying principles of the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act is the amelioration of the disadvantage of distance for shippers in the Atlantic Provinces to the larger markets of Canada.

What has recently become quite disconcerting to persons and industries in Atlantic Canada (aware of what has been developing) is that there was instituted by the motor vehicle carriers a reversal of the basic policy of assistance when the Québec Tariff Bureau sought and secured approval from the Québec Transport Commission for a 15% general increase westbound vis-à-vis 8% eastbound, effective on July 11, 1977. When the pattern of increases were first proposed, protests emanated from the Atlantic Provinces Transportation Commission all to no avail.

The same pattern of increases was implemented by the A.P.M.C. Tariff Bureau in the rates between Ontario and the Atlantic Provinces and also by the railways in respect of their piggyback rates between central Canada and the Atlantic Provinces.

While subsequently maintaining the same percentage increments both eastbound and westbound, the Québec Tariff Bureau, in the spring of 1980, again departed from the same increases in both directions by proposing to file with the Québec Transport Commission tariffs specifying 7% increase eastbound from Québec and 10% westbound in commodity rates from New Brunswick, 15% from Nova Scotia and Prince Edward Island and 7% from Newfoundland.

In seeking higher increases from Nova Scotia and Prince Edward Island, the carriers (including several that are also members of the A.P.M.C.T. Bureau in connection with traffic between Ontario and the Atlantic Provinces) indicated that they were dissatisfied with the small rate spreads between New Brunswick origins vis-à-vis Nova Scotia and Prince Edward Island on traffic westbound to Québec destinations. The rate increase was subsequently blanketed at 10% for all three Maritime Provinces and the higher westbound increase became effective on September, 1970. (19) Again, effective on March 16, 1981, the same increase pattern was implemented, i.e. 8% eastbound and 10% westbound and both the Atlantic Provinces Motor Carrier Bureau Ltd. and the Railways followed suit by filing tariffs reflecting about the same pattern of increases.

The position taken by the carriers, members of the Québec Tariff Bureau, (20) that the differential in rates from Nova Scotia and Prince Edward Island is inadequate for the longer haul, (21) signifies that the rate groupings basic to the rail rate structure of the Maritimes is still effective in mitigating the impact of distance whether rates are competitive or otherwise. In any event, it is a tacit condition that assistance under A.R.F.A. is subject to the same principles and policy as compensation is under the Maritime Freight Rates Act.

(c) Changing Conditions and the Significance of Intermodality in the Assistance Program

In 1978, Nova Scotia had 44% of the total registration of trucks and truck tractors in the Atlantic Provinces and the number of registrations in that category for the region had increased by 42% since 1976. (22)

For the same year (1978), fuel expenses to total transportation expenditures for domiciled carriers in the Atlantic Provinces averaged 15.15% as compared with all of Canada at 13.4%.

Of interest also is that the piggyback expenses of N.B. domiciled carriers increased from $139 482 to $767 000, and to domiciled carriers in the other three Atlantic Provinces, from nothing to $16 504. Although these amounts are relatively small, they would confirm C.N. Railways growth experience in the intermodal market in 1980 when the business had virtually doubled over 1975. The growth in intermodality was attributed primarily to increased fuel efficiency relative to trucking. (23)

Where railways have carried out realistic testing, the results have indicated higher gross tons miles per gallon and higher revenue ton miles per gallon for rail over representative truck rigs, and as a consequence where investments of millions of dollars have been made in improved intermodal systems, the evidence seems sufficiently cogent to conclude that in the case of long haul full loads to and from terminals, particularly involving large group* locations, the piggyback intermodal system would be the more efficient and would therefore enhance the benefits from the assistance dollars stemming from the A.R.F.A. Act. Moreover, it would tend to obviate the pressure for larger increases for truck hauls from the more distant Maritime points westbound.

While the following is not a perfect example of the groupings' influence on the rate structure westbound from the select territory, it nevertheless is relatively illustrative of their effects considering that Halifax is 189 rail miles further than Moncton en route to Montreal, Québec.

Plan II piggyback rates in cents per 100 lbs. westbound as of December 1980:

Tariff references: Items 5368 & 7500 - C.N.R. Tariff No. 465-1

Commodity	From	To	Rate	Carload minimum
Glass, laminated	Moncton, N.B.	Montréal, Québec	198	24 000 lbs.
Foodstuffs (Schwartz)	Halifax, N.S.	Montréal, Québec	198	24 000 lbs.

* The large rail rate groupings basic to Atlantic Canada and reflected in the structuring pursuant to the Maritime Freight Rates Act.

Notes and References

1. - The Maritime Freight Rates Act received Royal assent in the spring of 1927 and became effective on July 1, 1927. This act was based on the findings and recommendations of the Royal Commission on Maritime Claims. It provided for a 20% reduction in the rates within the so-called Select Territory and initially for 20% on the Select Territory portion of through rates to stations in Canada, West of Levis and Diamond Junction, Que.

2. - Report of the Royal Commission on Transportation, Volume II, December 1961, p. 212.

3. - A New Measure of the Transportation Cost Burden Faced by Maritime Industries, February 1978.

4. - Order-in-Council PC 1969-1483 dated July 22, 1969 effective July 15, 1969 - Regulations respecting the payment of assistance to licenced "for hire" truckers in respect of the movements of goods out of the Atlantic Region.

5. - Hansard, Tuesday June 6/70, p. 2895.

6. - Background paper tabled by Transport Minister Otto Lang, May 25, 1977 (p. 8).

7. - Vol. V, p. 62 (E.I.U. Study 1967).

8. - The Basic Elements of an Atlantic Transportation Study (1969).

9. - Order also provided intra selective assistance to Railway Express, certified water and motor carriers. Water assistance in millions: 1978-79 - $.05; 1979-80 - $.23; 1980-81 - $.4.

10. - Vol. 5 Atlantic Provinces Transportation Study, pp. 59 and 60.

11. - Statistics Canada 1965-1979 - Catalogue 13-201 Annual.

12. - Evidence of Dr. R.A. Bandeen before the Standing Committee on Transport Issue No. 2 - First Session of the 32nd Parliament 1980-81, pp. 20-21.

13. - Study Number One - The Institutional Framework of the Canadian Trucking Industry (The Public Sector), pp. 20, 29, 30, 39, 49, 61, 62, 63.

    Volume 2 (The Private Sector) p. 10 - "Bureau control over members as to systematic violations may not, however, be an issue in the Atlantic Provinces, there apparently is less temptation for a carrier to charge less than the published rate: a carrier doing so would not receive the subsidies".

14. - Remarks by Hugh G. Morris at the Annual Meeting of the Canadian Highway Transport Lawyers' Association - Quebec City, Qué., December 5, 1980.

15. - P. 41 - The Institutional Framework of the Canadian Trucking Industry (The Public Sector) Volume 1 (1980).

16. - Letter that appeared in the Halifax Chronicle Herald of February 9, 1973, from the President of Day and Ross Limited.

17. - Volume V, Atlantic Provinces Transportation Study, p. 133.

18. - Arbitraries are factors that are not directly related to distance. Groupings or zones are areas wherein the rate, say, from Campbellton, N.B. and Halifax, N.S. to Windsor, Ontario on a carload of a non-competitive commodity would be the same in spite of the difference in distance.

19. - The Atlantic Provinces Transportation Commission prevailed upon the carriers to modify their proposal to the same amount westbound for all three Maritime provinces.

20. - There are two tariff bureaux in Québec involved with rates and payments under the A.R.F.A. Act - The Québec Tariff Bureau and the Conférence des Camionneurs Québécois, Inc.

According to information received from the Québec Tariff Bureau on April 14, 1981, there were at the time approximately 180 participating operating members, mostly common carriers and including 10 contract carriers (Transport Canada's May 1980 Study, hithertofore mentioned, stated there were 230 participating carriers).

The Bureau prepares and files with the Québec Transport Commission tariffs of rates for "fixation". It also publishes and distributes the tariffs which include intra rates and rates between Québec and Atlantic Canada. The membership of La Conférence des Camionneurs Québécois Inc., as of January 1, 1981 was 101 consisting of small and medium size carriers. It prepares and submits intra provincial tariffs only to the Québec Tariff Commission for "fixation". There are two associated companies. They prepare and file claims under the A.R.F.A. Act. There are about 1,000 small truckers in that category including some from N.B.

The body in Atlantic Canada involved in freight tariff publishing, distribution and filing is the Atlantic Provinces Motor Carrier Tariff Bureau Ltd. - In addition to issuing tariffs for members within Atlantic Canada, it also handles the publishing and distribution of tariffs in respect of truck rates between Ontario and the Atlantic Provinces. The Transport Canada Study issued in May 1980 reported 14 members, several of whom are also members of the Québec Tariff Bureau.

21. - Based on a statement of the Atlantic Provinces Transportation Commission dated July 4, 1980 with reference to greater increases in rates westbound than eastbound.

22. - Statistics Canada - Series 53-219 Annual.

23. - Piggyback Plan 1 - The railway carries trailers owned by motor common carriers on flat cars from terminal to terminal (or ramp).

Piggyback Plan 2 - Railway provides the trailer for the shipper and transport it on flat cars, also providing pick-up and delivery service.

Piggyback Plan 2½ - Similar to Plan 2, except that the shippers undertakes the pick-up and delivery service.

Piggyback Plan 3 - Railway carries trailers owned or leased by shippers at a flat rate per mile. The shipper undertakes the pick-up and delivery service.

"A"

ASSISTANCE PAYMENTS TO TRUCKERS UNDER THE ATLANTIC REGION FREIGHT ASSISTANCE ACT

(in millions of dollars)

Years	Westbound #				Intra					
	Basic	Selective	Total W/B	% Total W/B	Basic	Selective	Provisional	Total Intra	% Total Intra	Total W/B and Intra
1969/70	.8		.8							.8
1970/71	1.4		1.4							1.4
1971/72	1.6		1.6	22.9	5.4			5.4	77.1	7.0
1972/73	2.1		2.1	18.4	9.3			9.3	81.6	11.4
1973/74	2.8		2.8	17.5	13.2			13.2	82.5	16.0
1974/75	3.8	.7	4.5	21.8	16.1			16.1	78.2	20.6
1975/76	3.7	1.1	4.8	21.9	17.1			17.1	78.1	21.9
1976/77	4.7	1.4	6.1	24.4	18.9			18.9	75.6	25.0
1977/78	5.0	1.5	6.5	23.2	21.5			21.5	76.8	28.0
1978/79	7.1	2.4	9.5	26.2	19.5	6.2		25.7	70.8	36.3
1979/80	7.5	2.6	10.1	26.8	.9	23.0	3.7	27.6	73.2	37.7
Calendar 1980	8.1	2.6	10.7	27.4	.2	27.7	.5	28.4	72.6	39.1

R.H.H. April 1981 Based on C.T.C. data # "Select Territory" see Note Appendix "C"

ASSISTANCE PAYMENTS TO RAILWAYS UNDER THE MARITIME FREIGHT RATES ACT AND THE ATLANTIC REGION FREIGHT ASSISTANCE ACT

"B"

(in millions of dollars)

Years	Westbound from "Select Territory" #					Intra					Total Westbound & Intra
	Basic	% Total	Selective	Total Basic & Selective	% Total	Basic	Selective	Provisional	Total	% Total	
Calendar yr. 1969	N.A.					N.A.					14.6
1970/71	N.A.					N.A.					14.0
1971/72	N.A.					N.A.					13.1
1972/73	5.4	42.0				7.6			7.6	58.0	13.0
1973/74	5.9	42.0				8.1			8.1	58.0	14.0
1974/75	6.1	38.0	.9	7.0	44.0	9.0			9.0	56.0	16.0
1975/76	7.0	39.0	1.8	8.8	49.0	9.0			9.0	51.0	17.8
1976/77	7.2	36.0	2.1	9.3	48.0	9.9			9.9	52.0	19.2
1977/78	6.5	36.0	1.9	8.4	47.0	9.5			9.5	53.0	17.9
1978/79	8.3	41.0	2.6	10.9	54.0	7.1	1.9	.4	9.4	46.0	20.3
1979/80	11.7	52.0	2.9	14.6	65.0	-	6.8	1.2	8.0	35.0	22.6
Calendar yr. 1980	10.7(e)	49.0	3.1	13.8	64.0	-	7.7	.2	7.9	36.0	21.7

R.H.H.
April 1981

(e) Estimated
N.A. - Not available

#Select Territory - see Note Appendix "C"

ANALYSIS OF ASSISTANCE PAYMENTS UNDER THE MARITIME FREIGHT RATES ACT AND THE ATLANTIC REGION FREIGHT ASSISTANCE ACT PREDICATED ON THE MEASURES EFFECTED TO APPLY THE ASSISTANCE IN RESPECT OF TRUCKERS AND RAILWAYS

"C"

	Westbound to Destinations outside the designated "Select Territory" (See Note below)				Intra Select Territory				
	(In millions of dollars)								
Fiscal Years	Westbound Basic	Selective	Total	% Total	Basic & Provisional	Selective	Total	% Total	Overall Total
1973/74	$ 8.7		$ 8.7	29	$ 21.3		$ 21.3	71	$ 30.0
1974/75	9.9	$ 1.6	11.5	31	25.1		25.1	69	36.6
1975/76	10.7	2.9	13.6	34	26.1		26.1	66	39.7
1976/77	11.9	3.5	15.4	35	28.8		28.8	65	44.2
1977/78	11.5	3.4	14.9	32	31.0		31.0	68	45.9
1978/79	15.4	5.0	20.4	36	28.1	8.1	36.2	64	56.6
1979/80	19.2	5.5	24.7	41	5.8	29.8	35.6	59	60.3
Calendar Yr. 1980	18.8	5.8	24.5	40	.9	35.4	36.3	60	60.3

Note: For railways - "Select Territory" Sections 2 and 7 Maritime Freight Rates Act - Lines of railways in Atlantic Canada and Province of Quebec extending to Diamond Junction and Levis.

For trucks - "Select Territory" as defined in Order in Council PC 1978-1812, viz. - That portion of Quebec that is south of the St. Lawrence River and east of Highway 23 being the highway connecting Levis in the Province of Quebec with U.S. route 201 in the State of Maine.

Compiled from C.T.C. data
R.H.M. - April 1981

THE DISPOSITION OF TRUCK ASSISTANCE UNDER A.R.F.A. ACT
as determined from 1977 25% SAMPLING OF C.T.C.
WESTBOUND TRAFFIC

"D"

To Points in Canada West of Select Territory #

FROM	Regular				Selective				Regular & Selective			
	Tons	% Total	Assistance	% Total	Tons	% Total	Assistance	% Total	Tons	% Total	Assistance	% Total
Quebec Select Territory	47,984.74	71.8	$ 358,253.03	56.9	46,512.17	32.9	$ 160,995.77	17.1	94,496.91	45.4	$ 519,248.80	33.0
N.B.	11,124.19	16.6	120,532.85	19.1	61,965.13	43.8	401,132.60	42.6	73,089.32	35.1	521,665.45	33.2
N.S.	6,437.11	9.6	83,147.62	13.2	20,092.46	14.2	227,723.12	24.2	26,529.57	12.7	310,870.74	19.8
P.E.I.	527.53	.8	14,228.73	2.3	8,875.39	6.3	92,108.73	9.8	9,402.92	4.5	106,337.46	6.8
Nfld.	763.11	1.1	53,916.63	8.5	4,022.40	2.8	59,562.82	6.3	4,785.51	2.3	113,479.45	7.2
	66,836.68		$ 630,078.86		141,467.55		$ 941,523.04		208,305.23 #		$1,571,601.90	

Compiled from data prepared for C.T.C.

Some data is excluded because of incongruities in computer print-out tabulations.

Select Territory as defined in O/C PC 1978-1812 - That portion of the Province of Quebec that is south of the St. Lawrence River and east of Highway 15 being the highway connecting Levis in the Province of Quebec with U.S. route 201 in the State of Maine.

R.H.M. - May 1981

*Based on C.T.C.
Statistical printouts
R.H.M. - 1980

STATEMENT INDICATING TRAFFIC PATTERN (TRUCKS)
UNDER WESTBOUND ASSISTANCE FROM SELECT TERRITORY
EASTERN CANADA TO QUE., ONT. & WESTERN CANADA
PREDICATED ON C.T.C. 1977 SAMPLING (TONS-2000 lbs.)

"E"

To Quebec West of Select Territory

(From) Quebec Select Territory	Selective Basis: Tons	% Total Que.	% Total Canada	Regular Basis: Tons	% Total Que.	% Total Canada	Selective & Regular: Tons	% Total Que.	% Total Canada.
N.B.	45,045.60	51.0	31.8	47,248.02	80.8	70.7	92,293.62	62.9	44.3
N.S.	29,345.73	33.3	20.7	6,994.71	12.0	10.5	36,340.44	24.	17.4
P.E.I.	7,874.14	8.9	5.6	3,704.99	6.3	5.5	11,579.13	7.9	5.6
Nfld.	5,040.55	5.7	3.6	284.50	.5	.4	5,325.05	3.6	2.6
Total	963.76	1.1	.7	206.75	.4	.3	1,170.51	.8	.5
	88,269.78	100.0	62.4	58,438.97	100.0	87.4	146,708.75	100.0	70.4

To Ontario

(From) Quebec Select Territory		% Total Ont.	% Total Canada		% Total Ont.	% Total Canada		% Total Ont.	% Total Canada
N.B.	1,370.82	2.7	.96	691.34	9.5	1.0	2,062.16	3.6	.99
N.S.	30,191.17	59.8	21.34	3,771.26	51.9	5.7	33,962.43	58.8	16.3
P.E.I.	12,030.08	23.9	8.5	2,159.89	29.7	3.2	14,189.97	24.6	6.8
Nfld.	3,834.84	7.6	2.7	170.77	2.4	.3	4,005.61	6.9	1.9
Total	3,033.64	6.0	2.1	469.18	6.5	.7	3,502.82	6.1	1.7
	50,460.55	100.0	35.6	7,262.44	100.0	10.9	57,722.99	100.0	27.7

To Western Canada

(From) Quebec Select Territory		% Total W.C.	% Total Canada		% Total W.C.	% Total Canada		% Total W.C.	% Total Canada
N.B.	95.75	3.5		45.38	4.0		141.13	3.6	
N.S.	2,428.23	88.7		358.22	31.5		2,786.45	72.0	
P.E.I.	188.24	6.9	2.0	572.23	50.4	1.7	760.47	19.6	1.8
Nfld.	---	---		72.26	6.4		72.26	1.9	
Total	25.00	.9		87.18	7.7		112.18	2.9	
	2,737.22	100.0		1,135.27	100.0		3,872.49	100.0	
*Grand Total	141,467.55		100%	66,836.68		100%	208,304.23		100%

STATEMENT INDICATING TRAFFIC ASSISTANCE PATTERN FOR TRUCKS UNDER ATLANTIC REGION FREIGHT ASSISTANCE ACT FROM EASTERN CANADA SELECT TERRITORY AS DEFINED IN ORDER-IN-COUNCIL PC 1978-1812 TO POINTS IN CANADA OUTSIDE THEREOF

"F"

To Quebec outside Select Territory From	Tonnage	% Total Quebec	% Total Canada	Regular and Selective Basis Assistance	% Total Quebec	% Total Canada
Quebec Select Territory	92,293.62	62.9	44.3	$ 506,135.22	51.0	32.2
New Brunswick	36,340.40	24.8	17.4	273,049.59	27.5	17.4
Nova Scotia	11,579.13	7.9	5.6	130,663.65	13.2	8.3
Prince Edward Island	5,325.05	3.6	2.6	56,858.65	5.7	3.6
Newfoundland	1,170.51	.8	.5	26,252.59	2.6	1.7
Total	146,708.75	100.0	70.4	$ 992,959.70	100.0	63.2
To Ontario **From**						
Quebec Select Territory	2,062.16	3.6	.99	$ 11,693.40	2.3	.7
New Brunswick	33,962.43	58.8	16.3	223,667.97	43.9	14.2
Nova Scotia	14,189.97	24.6	6.8	150,815.41	29.6	9.6
Prince Edward Island	4,005.61	6.9	1.9	46,446.55	9.1	3.0
Newfoundland	3,502.82	6.1	1.7	76,972.88	15.1	4.9
Total	57,722.99	100.0	27.7	$ 509,596.21	100.0	32.4
To Western Canada **From**						
Quebec Select Territory	141.13	3.6		$ 1,420.18	2.1	.1
New Brunswick	2,786.45	72.0		24,947.89	36.0	1.6
Nova Scotia	760.47	19.6	1.9	29,391.68	42.6	1.9
Prince Edward Island	72.26	1.9		3,032.26	4.4	.2
Newfoundland	112.18	2.9		10,253.98	14.9	.6
Total	3,872.49	100.0	1.9	$ 69,045.99	100.0	4.4
Grand Total	208,304.23*		100.0	$1,571,601.90*		100.0

* Some data were excluded because of incongruities in computer print-out figures.

Based on 25% sample of claim data processed for a C.T.C. project.

R.H.M.
May/81

WESTBOUND TRUCK SHIPMENTS FROM SELECT TERRITORY TO POINTS IN CANADA WEST THEREOF ACCORDING TO THE STANDARD TRANSPORTATION COMMODITY CODE IN TERMS OF TONS & ASSISTANCE UNDER THE A.R.F.A. ACT INDICATING RATINGS AND PERCENTAGES OF TOTALS FOR THE TOTALS OF THE CALENDAR YEAR 1977

REGULAR BASIS

STCC No.	Description	Tons	Rating	% Total	Assistance	Rating	% Total
(24)	Lumber or Wood Products except Furniture	34,364.27	1	49.0	$268,711.05	(1)	37.3
(33)	Primary Metal Products	6,015.31	2	8.6	18,758.25	(5)	2.6
(40)	Waste or Scrap Material	4,367.64	3	6.2	24,779.62	(3)	3.4
(20)	Food or Kindred Products	3,143.88	4	4.5	19,873.75	(4)	2.8
(41)	Misc. Frt. Shipments	2,896.44	5	4.1	211,475.05	(2)	29.4
(42)	Containers Shipping Returned empty; Carriers or Devices	2,059.29	6	2.9	10,153.08	(13)	1.4
(32)	Clay, Concrete, Glass or Stone	1,836.53	7	2.6	6,734.13	(17)	#
(37)	Transportation Equipment	1,612.60	8	2.3	17,557.23	(7)	2.4
(26)	Pulp, Paper or Allied Products	1,564.64	9	2.2	9,584.04	(14)	1.3
(34)	Fabricated Metal Products	1,430.95	10	2.0	15,235.50	(10)	2.1
(35)	Machinery except Electrical	1,423.70	11	2.0	17,399.91	(8)	2.4
(10)	Metallic Ores	1,383.39	12	2.0	4,088.89	(18)	#
(39)	Misc. Products of Manufacturing	1,256.55	13	1.8	17,074.71	(9)	2.4
(28)	Chemicals or Allied Products	1,221.73	14	1.7	8,440.20	(16)	1.2
(36)	Electrical Machinery or Equipment	1,186.01	15	1.7	13,701.85	(11)	1.9
(01)	Farm Products	1,017.67	16	1.5	17,979.87	(6)	2.5
(27)	Printed Matter	829.42	17	1.2	2,791.81	(20)	#
(25)	Furniture or Fixture	770.83	18	1.1	10,803.62	(12)	1.5
(30)	Rubber or Misc. Plastic Products	515.98	19	#	8,443.77	(15)	1.2
(29)	Petroleum or Coal Products	232.34	20	#	1,675.63	(25)	#

= under 1% - Compiled from data supplied by C.T.C.

Note: Because of incongruities in the data columns of print-outs the figures will not jibe with figures in other related appendices adjusted accordingly.

R.H.M.
May/81

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WESTBOUND TRUCK SHIPMENTS FROM SELECT TERRITORY TO POINTS IN CANADA WEST THEREOF ACCORDING TO THE STANDARD TRANSPORTATION COMMODITY CODE IN TERMS OF TONS & ASSISTANCE UNDER THE A.R.F.A. ACT INDICATING RATINGS AND PERCENTAGES OF TOTALS FOR THE TOTALS OF THE CALENDAR YEAR 1977

SELECTIVE BASIS

STCC No.	Description	Tons	Rating	% Total	Assistance	Rating	% Total
(20)	Food or Kindred Products	65,437.03	(1)	46.5	402,068.20	(1)	42.8
(26)	Pulp, Paper or Allied Products	30,679.64	(2)	21.8	184,978.80	(2)	19.7
(24)	Lumber or Wood Products except Furniture	15,734.48	(3)	11.2	100,502.21	(3)	10.7
(01)	Farm Products	11,184.46	(4)	7.9	83,463.31	(4)	8.9
(22)	Textile Mill Products	3,196.90	(5)	2.3	32,598.33	(5)	3.4
(09)	Fresh Fish or other Marine Products	1,966.58	(6)	1.4	27,778.26	(6)	3.0
(36)	Electrical Machinery or Equipment & Supplies	1,951.26	(7)	1.4	13,424.73	(9)	1.4
(14)	Non-metallic Minerals except Fuels	1,683.11	(9)	1.2	9,169.85	(11)	#
(25)	Furniture or Fixtures	1,688.51	(8)	1.2	18,131.58	(7)	1.0
(32)	Clay, Concrete, Glass or Stone Products	1,623.59	(10)	1.2	8,160.11	(12)	#
(30)	Rubber or Misc. Plastic Products	1,314.65	(11)	#	16,246.02	(8)	1.7
(39)	Misc. Products of Manufacturing	881.64	(12)	#	10,082.60	(10)	1.1
(33)	Primary Metal Products	690.97	(13)	#	7,662.29	(13)	#
(34)	Fabricated Metal Products	587.59	(14)	#	6,656.18	(14)	#
(28)	Chemical or Allied Products	529.08	(15)	#	4,897.91	(15)	#
(29)	Petroleum or Coal Products	441.55	(16)	#	4,681.55	(16)	#
(37)	Transportation Equipment	347.22	(17)	#	2,408.82	(17)	#
(38)	Instruments or Photographic Goods	239.68	(18)	#	1,717.60	(20)	#
(35)	Machinery except Electrical	224.84	(19)	#	2,370.53	(18)	#
(23)	Apparel also other Finished Textile Products or Knit Apparel	111.88	(20)	#	1,811.60	(19)	#

= under 1% - Compiled from data supplied by C.T.C.

Note: Because of incongruities in the data columns of print-outs the figures will not jibe with figures in other related appendices adjusted accordingly.

R.H.M.
May/81

WESTBOUND TRUCK SHIPMENTS FROM SELECT TERRITORY TO POINTS IN CANADA WEST THEREOF ACCORDING TO THE STANDARD TRANSPORTATION COMMODITY CODE IN TERMS OF TONS & ASSISTANCE UNDER THE A.R.F.A. ACT INDICATING RATINGS AND PERCENTAGES OF TOTALS FOR CALENDAR YEAR 1977

REGULAR AND SELECTIVE ASSISTANCE BASIS

STCC No.	Description	Tons	Rating	% Total	Assistance	Rating	% Total
(20)	Food or Kindred Products	68,580.91	1	32.5	421,941.95	1	25.4
(24)	Lumber or Wood Products except Furniture	50,098.75	2	23.8	369,213.26	2	22.2
(26)	Pulp, Paper or Allied Products	32,244.28	3	15.3	194,562.84	4	11.7
(01)	Farm Products	12,202.13	4	5.8	101,443.18	5	6.1
(33)	Primary Metal Products	6,706.28	5	3.2	26,420.54	11	2.6
(40)	Waste or Scrap Material	4,367.64	6	2.1	24,779.62	12	1.5
(32)	Clay, Concrete, Glass or Stone Products	3,460.12	7	1.6	14,894.24	13	#
(22)	Textile Mill Products	3,412.45	8	1.6	36,155.16	6	2.5
(36)	Electrical Machinery or Equipment Supplies	3,137.27	9	1.5	27,126.58	10	1.6
(41)	Misc. Freight Shipments	2,896.44	10	1.4	211,475.95	3	12.7
(25)	Furniture or Fixtures	2,459.34	11	1.2	28,935.20	8	1.7
(39)	Misc. Products of Manufacturing	2,138.19	12	1.0	27,157.31	9	1.6
(42)	Containers Shipping Returned Empty, Carriers or Devices	2,086.44	13	#	10,291.55	19	#
(09)	Fresh Fish or other Marine Products	2,075.18	14	#	29,746.14	7	1.8
(34)	Fabricated Metal Products	2,018.54	15	#	21,891.68	14	1.3
(37)	Transportation Equipment	1,959.82	16	#	19,966.14	15	1.2
(30)	Rubber or Misc. Plastic Materials	1,830.63	17	#	24,689.79	13	1.5
(14)	Non-Metallic Minerals	1,813.21	18	#	9,752.52	20	#
(28)	Chemicals or Allied Products	1,750.81	19	#	13,338.11	18	#
(35)	Machinery except Electrical	1,648.54	20	#	19,770.44	16	1.2

= Below 1%

Compiled from data supplied by C.T.C.

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R.H.H.
May/81